

U.S. Sent Navy Jets Into Gulf To Counter Iran Missile Threat

By George C. Wilson Washington Post Service WASHINGTON — The United States detected preparations by Iran to make its Chinese-made anti-ship missiles operational over the weekend and launched planes from an aircraft carrier south of the Gulf to knock out the missiles if they were activated, according to Pentagon officials.

Kiosk North Hearings Begin Today

WASHINGTON (AP) — The central figure in the Iran-contra scandal, Lieutenant Colonel Oliver L. North, is to face questioning Tuesday as the eighth week of congressional hearings begins.

U.S. Proposes Global End to Farm Support

GENEVA — The United States unveiled sweeping proposals on Monday calling for an end to all government agricultural subsidies within 10 years.

300 Missing as Barge Sinks in Zambia River

MANSA, Zambia (Reuters) — Twenty-three persons drowned and more than 300 were missing and feared dead after a river barge sank in northern Zambia on Monday, the Zambian news agency Zana said.



Charges against the Panamanian military ruler, General Manuel Antonio Noriega, are to be investigated. Page 2.

- GENERAL NEWS
A lobby backing Israel has become a major force in U.S. politics and policy. Page 2.
President Reagan is pushing his conservative agenda as vigorously as ever. Page 3.
A ban on IQ tests for blacks is fought in California. Page 3.
Teeming Cairo is spreading deep into the desert. Page 4.
BUSINESS/FINANCE
The EC is investigating whether Japan and Korea are dumping compact disk players and semiconductors. Page 9.

While the United States added aircraft to the show of force provided by a fleet of warships in the Gulf, the Soviet Union has limited itself to a few minesweepers to escort three ships it has leased to Kuwait.

In Washington, the U.S. trade representative, Clayton K. Yeutter, said that the only exceptions to the plan would be income support programs, research in crop production, and foreign aid programs, such as Food for Peace, which send subsidized food to poor countries.

One French official, referring to the 10-year time frame, said: "It's pretty damn fast."

Another West European diplomat was blunter, calling the proposal "totally unrealistic."

"We've had [agricultural] subsidies for more than a century in Europe and the United States," he said, adding, "We could never accept something that would dismantle the Common Agricultural Policy in 10 years."

"What's the purpose of having a big battle over ideas that we know will not be implemented by this administration," which will be out of office in two years, the diplomat said.

"We are not going to do this unilaterally," the U.S. agriculture secretary, Richard Lyng, said in Washington. "We obviously would have a lot of trouble doing it unilaterally in this country."

U.S. officials said if the European Community members, the United States, Japan, Australia, Canada and South American producers jointly cut farm aid, world commodity prices would rise.



A crowd at West Gate Prison in Seoul lifting two prisoners freed on Monday, Kim Myong Yun, left, and Kim Byong Oh.

Afghan Insurgents Rout Elite Soviet Forces

WASHINGTON — U.S.-backed Afghan insurgents have inflicted the highest casualties ever on Soviet troops trying to cut off guerrilla supply routes along the Pakistani border during the past six weeks, according to a Reagan administration official.

Tamil Rebels Blow Up Sri Lanka Army Camp

COLOMBO, Sri Lanka — Tamil rebels on Monday attacked and blew up a school used as an army camp, killing at least 20 soldiers and wounding about a dozen others, the government reported.

U.S. Capital and Mayor Stagger Under Scandals

WASHINGTON — At a time when Congress is again considering legislation to make most of the District of Columbia into New Columbia, the 51st state, the district's government is staggering under a barrage of scandals involving everything from fraud, bribery and extortion to cocaine use, philandering and faulty snow removal.

Rio and Caracas: Hard Questions Bring Pain and Reassessment

In Brazil, Crisis and Disorder
By Juan de Onis
RIO DE JANEIRO — Brazil is going through a national crisis so pervasive that even the three-time world soccer champions are being humiliated on the playing field.

In Venezuela, a Look Inward
By Alan Riding
CARACAS — At an elegant reception one recent evening, a local businessman looked delighted when a foreign visitor tasted a piece of cheese and nodded his approval.

Dissidents Released In Seoul

177 Are Freed, But Gesture Fails To Calm Campus
By Fred Hiatt
SEOUL — Twelve leading Korean dissidents who were jailed for organizing a major opposition rally June 10 were freed Monday, beneficiaries of the unexpected success of the movement they helped create.

The government also freed 165 students and demonstrators who had been detained since the rally. Officials said that hundreds more, including prisoners who have been in prison far longer, would be released later this week.

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VON WEIZSACKER IN MOSCOW — The Soviet president, Andrei A. Gromyko, left, at Moscow's airport Monday with President Richard von Weizsäcker of West Germany, who said that Germans would always feel they were "one nation." Page 4.



Marion S. Barry Jr.

charges, 11 others had been dismissed under suspicion of misconduct and Mr. Barry was under investigation for expense account irregularities.

Potent U.S. Lobby for Israel Bends Politicians and Generals

By David K. Shipler
New York Times Service

WASHINGTON — After several decades of growth in size and sophistication, the leading pro-Israel lobby in Washington, the American Israel Public Affairs Committee, has become a major force in shaping United States policy in the Middle East.

Operating from tightly guarded offices just north of the Capitol, the organization has gained the power to influence a presidential candidate's choice of staff, to block practically any arms sale to an Arab country, and to serve as a catalyst for intimate military relations between the Pentagon and the Israeli army.

Its officials are consulted by State Department and White House policy makers, by senators and generals.

The committee, known by its acronym AIPAC, is an American lobby, not an Israeli one — it says its funds come from individual Americans — and it draws on a broad sympathy for the cause of Israel in the Reagan administration, Congress and the American public. As a result, it has become the envy of competing lobbyists and the bane of Middle East specialists who would like to strengthen U.S. ties to pro-Western Arabs.

"It tends to skew the consideration of issues," a State Department official said. "People don't look very hard at some options." This narrows the administration's internal policy discussions, he said, precluding even the serious study of ideas known to be anathema to AIPAC, such as the sale of some advanced weapons to Saudi Arabia or Jordan.

A former official in the Reagan White House gave a different assessment. While AIPAC "was a factor, nothing was ever excluded as an option for consideration," he said, "I know of no case where it was decisive, at least in the analytical phase." The greater influence seemed to be at the political decision-making level, he said.

The lobby is already gearing up for the 1988 presidential campaign. So impressive is its political mystique that now, 16 months before the 1988 elections, nearly all the presidential candidates have already met with AIPAC officials to be interviewed about their positions on the Middle East and to be presented with a red, white and blue briefing book on the lobby's positions, according to Thomas A. Dine, the organization's executive director.

"That's a function that we take very seriously," Mr. Dine said in an interview. "It's a part of the political mandate." Before giving a speech, he

added, a candidate "might ask us how we think it would play in the Jewish community." Some check on AIPAC's reaction to people considered for foreign affairs staff positions.

"This is an actual example," Mr. Dine said. "I won't give you the name. One of the presidential candidates called us and said, 'I will be publicly declaring soon, and I am interested in hiring you and so for a top campaign position. Tell me what you think about him.'"

"Was it thumbs up or thumbs down?" Mr. Dine was asked.

"Thumbs up."

Some former government officials accuse AIPAC of heavy-handed tactics. One, who asked not to be identified, described a campaign of letters, directed at a university that had invited him to speak, in which officials of AIPAC and other organizations of American Jews accused him of holding anti-Israel views. The university resisted efforts to deny him a platform. But some people grow weary of the struggle and fear for their careers.

"Pretty soon," he observed, "you say, 'I'm not going to give a speech.'"

The perception of AIPAC's strength may be larger than the reality, a product of "smoke and mirrors," in the words of one former White House aide with close ties to various Jewish organizations.

Some politicians are under the erroneous impression that the lobby formally endorses candidates and funnels money to their campaigns. The organization stops short of that, according to Mr. Dine. He said it provides information on voting records to AIPAC members, some of whom send funds to pro-Israel candidates through separate political action committees.

In politics, however, image becomes reality, and politicians take the lobby very seriously. "You'd have to put consideration of AIPAC right up with organized labor," said Bob Beckel, who was Walter F. Mondale's campaign manager in the 1984 presidential race. "I would put them up in the top tier."

AIPAC's perceived clout, especially its ability to mobilize majority votes in the Senate and House of Representatives on certain issues, has given it stature with the executive branch. And its influence, now widely regarded as greater than ever, has soared in the Reagan years as a result of the administration's enthusiastic support for Israel as well as AIPAC's success at grass-roots organizing and its skillful lobbying.

"It is an extraordinarily well staffed, dedicated, and able organization that pursues its work systematically and relentlessly and effectively," a State Department official said.



Thomas A. Dine, executive director.

His admiration had a certain chagrin, for members of Congress who support Israel had just forced the administration to withdraw its proposal to sell Maverick air-to-ground missiles to Saudi Arabia just when Washington was requesting Saudi help in protecting shipping in the Gulf.

Similarly, officials describe AIPAC as the most effective lobby on behalf of foreign aid for countries other than Israel, which gets \$3 billion a year in military and economic assistance, more than any other recipient.

"They understand," a State Department official said, "that if Israel and Egypt are left with foreign aid and the rest of the world goes starving, that's not good for Israel." Consequently, AIPAC officials say, they push hard for approval of the entire foreign aid request.

The intricate relationships that have evolved between AIPAC and administration officials derive from its political clout, the overlapping of Israeli and American strategic interests in the Middle East and the expertise of AIPAC's staff.

Since 1980, when Mr. Dine became executive director, the organization has assembled a cadre of weapons experts and strategic analysts who have transformed the lobby into a small think tank, publishing monographs with such titles as "The Strategic Value of Israel" and "U.S. Procurement of Israeli Defense Goods and Services." AIPAC's Washington office has a staff of 58.

AIPAC's expanding efforts have been eased by the sympathy it has found in the Reagan administration, and the improvements in Israeli-American relations have been dramatic.

Pro-Israel lobbyists are aided by their unusual access to official information, including some that is supposedly restricted. A classified list of proposed arms sales that the United States regularly compiles is provided by the administration each year — at least orally — to AIPAC officials, to test their reaction to various plans.

The situation appears to have tightened slightly since Jonathan Jay Pollard, a U.S. Navy intelligence analyst, was convicted this year of spying for Israel.

In a concerted effort to expand, AIPAC grew from 9,000 contributing households in 1980 to 55,000 today, from an annual budget of \$1.4 million then to \$6 million now. AIPAC says that 90 percent to 95 percent of its contributions are American Jews and that nearly all of the remaining 5 percent to 10 percent are evangelical Christians who are avid supporters of Israel. The donations are not tax deductible.

Mr. Dine ridicules the widespread impression in Washington that AIPAC is a mouthpiece for the government of Israel.

And one Israeli diplomat said: "They very rarely give us a report of what exactly they are doing. There are many cases where they don't bother to find out our position."

WORLD BRIEFS

Lawyer Appeals Barbie Verdict

PARIS (UPI) — Klaus Barbie's attorney has appealed Barbie's conviction on charges against humanity, a spokesman for the lawyer said Monday.

The spokesman said Jacques Vergès, the lawyer, appealed the case Saturday in Lyon shortly after Barbie was convicted and sentenced to life in prison, the maximum sentence, on charges relating to his tenure as Gestapo chief in Lyon.

Barbie, 73, was convicted in the deportations, torture or murder of 842 Jews and Resistance fighters in 1943 and 1944. No date was set for a hearing on the appeal.

5 Killed in Southern Lebanon Clash

BEIRUT (UPI) — Heavy fighting broke out Monday between Muslim guerrillas and the Israeli-backed South Lebanese Army militia inside Israel's security zone in southern Lebanon, a militia spokesman said.

The spokesman said at least five persons were killed and eight were wounded in the fighting in the village of Qatana, five miles (eight kilometers) east of the Israeli border. The casualty figures included victims on both sides, he said.

The militia reported that the clashes erupted hours after a mine blew up an Israeli tank near the village of Al Tallah, wounding one Israeli soldier.

Strike, Protests Are Resumed in Haiti

PORT-AU-PRINCE, Haiti (AP) — Shops and factories were closed here again Monday and youths erected flaming barricades as a general strike resumed to press demands for the resignation of Haiti's three-man governing council.

Crowds of youths reportedly were gathering in outlying districts of the capital. The strike, called by a coalition of peasant, student and labor groups, appeared to be receiving widespread support. Only militiamen and press vehicles were seen in the capital's streets early Monday.

Radio reports said that demonstrators had built barricades and burned tires overnight in other cities, including Jacmel in the southeast and Port de Paix in the north. Half the shops were reported closed in Cap-Haïtien, Haiti's second largest city. The protests erupted two weeks ago over the governing council's plan to suspend the presidential elections in November.

French, Germans Discuss Army Unit

PARIS (Reuters) — The French West German army brigade proposed by Chancellor Helmut Kohl last month would have to be covered by France's independent nuclear deterrent, Defense Minister André Girard said Monday.

Mr. Girard, speaking at the opening of a five-day seminar of French and West German officials to discuss ways to promote coordination between their armed forces, said the brigade would be a new step in integrating European defense.

"The question now is how to use this unit," he said, "because we cannot envisage putting French soldiers in a position where they would not be covered by their own nuclear deterrent." He also said the unit would be separate from the military structure of the North Atlantic Treaty Organization, which France left in 1966, but it could work with NATO forces.

Military Ruler Warns Indians in Fiji

SUVA, Fiji (AP) — The leader of Fiji's military government warned Indian cane farmers and businessmen on Monday that thousands of Chinese were ready to replace them if they did not accept his government's rule.

Lieutenant Colonel Sitiveni Rabuka, who led the coup on May 7, toppled the Indian-dominated government of Timoci Bavadra, and Indians were welcome to stay and work in Fiji.

"Buy in the front they decide to leave, thousands of Chinese are ready to come to Fiji at short notice to take over the Indian cane and business," he said at a village meeting, Indians, who outnumber Fijians, own 95 percent of the cane farms and most other businesses. He warned against the coup, they have brought the sugar industry, which produces Fiji's main export, to a standstill.

Pakistani Shites Hold Anti-U.S. Rally

LAHORE (UPI) — Tens of thousands of pro-Shiite Muslims pledged in the Pakistani city of Lahore on Monday to topple the government in Islamabad if it allows the United States to launch any operation against Iran from Pakistan.

The rally Monday, in which an estimated 100,000 Muslims from all over Pakistan had taken part, was considered to be the largest gathering outside Iran since the revolution in support of Ayatollah Ruhollah Khomeini.

The crowd which had passed in front of Pakistan's maximum command in the heart of the city chanted in the Iranian revolutionary style: "Khomeini Is Our Leader" and "Death to America." The meeting occurred a day after a bombing in Lahore that had left seven persons dead and fifty injured.

Canadians Suspect Sabotage at Base

LAHORE, West Germany (AP) — A series of explosions and a fire caused extensive damage at the Canadian Forces' Base airfield here early Monday, a military spokesman said.

"There was no fire at the compound at the time," Major Wayne Stuart said. "However, sabotage is suspected and is under investigation by Canadian and German police forces."

The damage was estimated at 200,000 Canadian dollars (\$150,000) as 10,000 liters (2,644 gallons) of fuel went up in flames, six vehicles were damaged and one firefighter was injured.

For the Record

Thousands of Argentines staged a national strike Monday in a day of national mourning to protest the theft of the hands from the Argentine ship Juan Perón, the former president of Argentina.

An anonymous telephone caller denied to Beirut's as-Safir newspaper that Terry White, the archbishop of Canterbury's envoy to the Holy See, had died, the leftist daily reported Monday.

There, however, was a "man in a white coat" in the French Basque region, preparing to plant a bomb at Anglet, near Bayonne.

U.S. television and film directors, locked in a dispute with producers over residual payments, have set a strike deadline Friday that could delay film releases and condemn television to a bout of reruns.

Pope John Paul II accepted the resignation of Cardinal Giuseppe Siri, the ultra-conservative archbishop of Genoa, on Monday following months of rumors that he might step down. The Vatican said Cardinal Siri would be replaced by Giovanni Conestabile, archbishop of Cagliari in Sardinia.

TRAVEL UPDATE

French Air Strike Enters 12th Week

PARIS (AP) — A daily work stoppage by air controllers entered its 12th week Monday, causing flight cancellations and delays for millions of travelers.

As, on past weekdays, the controllers stopped work on Monday between 6:30 and 10 A.M. to press for increases in benefits. Eight Paris flights were canceled by Air-Francia and 18 Air France flights were delayed 15 to 45 minutes.

Traffic accidents in Spain have claimed 135 lives since vacations began Wednesday, a figure nearly double last year's for the same period, the national traffic office said Monday. Another 95 people were seriously injured.

At least 115 people died on French roads over the weekend, France's busiest of the year, the national traffic service said Monday. France has the highest road-death rate in Europe. Last year 10,961 people died in French road accidents.

The festival in Pamplona, Spain, of the running of the bulls started Monday with a rocket fired from city hall. The sounds of yodels and whistles popped the coasts of thousands of champagne bottles. They were preparing for the first bulls, who will run through the city streets Tuesday morning. The festival lasts one week.

A Monarch Airlines Boeing 737 with 130 passengers aboard, bound from Luton, Airport in the Great island of Rhodes, made an emergency landing Monday at London's Stansted Airport after an engine failure over the English Channel.

Fragile Truce Appears Near End in Colombia

By Bradley Graham
Washington Post Service

BOGOTA — "The Winds of War," read the cover of a leading Colombian magazine recently, forecasting an end to the three-year truce between the government and the country's main guerrilla group.

Truce with smaller rebel movements unraveled two years ago, pitching Colombia into a stream of almost daily casualty reports on army-guerrilla clashes.

But as long as a cease-fire has remained nominally intact with the oldest and largest guerrilla organization, the pro-Moscow Revolutionary Armed Forces of Colombia, politicians and rebels alike have been able to speak of a continuing "peace process."

Now that accord appears to be crumbling. A Revolutionary Forces ambush last month of a convoy of army road builders along a jungle highway in the southern province of Cauques killed 27 soldiers and wounded 42.

Skirmishes between military patrols and Revolutionary Forces units had been occurring with regularity, with each side accusing the other of violating the truce. But the location of the assault surprised the government, since officials had considered Caquetá relatively calm.

The timing, too, was unexpected, coming just as campaigns are about to start for municipal elections in March. The vote will mark the first direct election of mayors in Colombia, and the Revolutionary Forces — through its political affiliate, the Patriotic Union — stands to win in rural areas where the guerrillas hold power.

According to a cabinet member, President Virgilio Barco Vargas's initial impulse after the ambush was to abrogate the truce and turn security forces loose on the Communist rebels. But Mr. Barco reconsidered and declared that the cease-fire would be considered broken only in regions where rebel units attack government troops.

Given the high incidence of

army-guerrilla clashes, Mr. Barco's formula seemed certain to nullify the fragile cease-fire in numerous parts of the country.

One foreign diplomat predicted the cease-fire would completely dissolve within the next few months.

"No one wants to be seen as being responsible for breaking the peace process," the diplomat said.

But the recent attack has given the process another big push toward collapse.

Even so, a major factor holding together the threads of an accord is the recognition that neither the government nor the guerrillas could win a civil war. Both sides have used the truce to strengthen their forces.

Although the army still outnumbered the roughly 10,000 members of the Revolutionary Forces by a 6-1 ratio, the guerrillas would have an advantage over conventional forces in the rugged mountain and jungle terrain where most battles would be fought.

Since becoming president in August 1986, Mr. Barco has sought to sustain the hope of peace. But he has said less about negotiations and more about a \$1 billion "rehabilitation plan" that aims at undercutting support for the rebels.

Spread over 35 percent of the nation's territory and 10 percent of the population, the program is meant to reduce poverty and counteract a widespread sense of alienation from legitimate authority.

Few projects have materialized. Most communities are still forming "rehabilitation committees" to draw up lists for new roads, clinics and schools.

Revolutionary Forces leaders, moreover, have been upset by Mr. Barco's elimination of independent commissions to monitor and mediate government-guerrilla disputes.

Intent on institutionalizing the peace process, Mr. Barco has designated a top aide, Carlos Ossa, to manage guerrilla affairs.

Mr. Ossa described the June 16 assault as an "act of desperation" intended to recover the rebels' lost initiative.



The wreckage of an Iranian diplomat's car in Madrid on Monday.

Panamanian President Orders Inquiry On Noriega but Foes Reject Initiative

By Julia Preston
Washington Post Service

PANAMA CITY — President Eric Arturo Delvalle has ordered an investigation of charges against Panama's military ruler, General Manuel Antonio Noriega, and called for talks with the opposition.

Opposition leaders rejected the initiative as insufficient.

Mr. Delvalle's nationally televised speech Sunday night was intended as a conciliatory gesture toward opposition forces that have demanded during a month of protests that General Noriega step down. But the speech appeared instead to reflect the narrow maneuvering room available to Panama's civilian president, who was put in place by the general in 1985.

Nicolás Ardito Barletta, Mr. Delvalle's predecessor, has said that he was forced out by General Noriega after demanding an investigation of one of the opposition charges against the general, complicity in the murder of a key opposition figure, Hugo Spadaro.

In many Panama City neighborhoods, residents took to the streets immediately after Mr. Delvalle's speech to bang pots and pans, the hallmark of the anti-Noriega forces.

Mr. Delvalle said he had instructed Attorney General Carlos Villalaz to investigate accusations by the military's former second-in-command, Colonel Roberto Diaz Herrera, that General Noriega was involved in assassination and election tampering.

Colonel Diaz Herrera agreed Monday to meet with the attorney general to formally accuse military leaders of corruption, United Press International reported.

The opposition, largely middle-class business and professional groups and the Roman Catholic Church, has called for an independent investigation.

"At least Noriega should be separated from his post while the investigation goes on," said Ricardo Arias Calderón, head of the opposition Christian Democratic Party. On June 26 a resolution by the U.S. Senate also called for General Noriega to step aside while the charges are investigated.

Mr. Arias Calderón flatly rejected Mr. Delvalle's invitation to "sit down formally to talk."

"I'm willing to talk to anyone about when General Noriega will leave, and that's it," Mr. Arias Calderón said. "The nation does not want a change of regime. The nation wants a change of regime."

Mr. Delvalle's brief speech echoed some opposition complaints. He called for an end to abuses of press freedom, in part a reference to stories in three Noriega-controlled newspapers about the general's political enemies.

The president also said the 20,000-member Panamanian Defense Forces would have to respect civilian authority and withdraw from political involvement.

He announced no measures to enforce these recommendations.

Mr. Boyd's arrival over the weekend came as a surprise to State Department officials, who said Sunday that they did not know he was in the city.

Adolfo Arrocha, acting head of the Panamanian Embassy, said Mr. Boyd would contact U.S. officials in an effort to explain his government's position in the pro- and anti-Noriega demonstrations that have wracked Panama since June 9.

In particular, Mr. Arrocha said, Mr. Boyd will seek to counter the anti-Noriega campaign being conducted in the United States by Gabriel Lewis, who is widely known in Washington political circles.

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Blast Injures An Iranian In Madrid

Reuters

MADRID — A bomb exploded Monday under the car of an Iranian diplomat in a residential suburb of Madrid, injuring the diplomat and a second man, a government spokesman said.

Mohammed Raisi, second secretary at the Iranian Embassy in Madrid, escaped with light injuries, the spokesman said in a statement.

A small bomb placed next to a front wheel of Mr. Raisi's diplomatic car went off when he started the engine early this morning, the statement said.

No one has yet claimed responsibility for the attack and the police were still trying to establish what kind of explosives had been used, the statement said.

The Iranian national press agency, IRNA, described the explosion as a terrorist attack, saying the opposition mujahadin guerrilla organization and Iraqi agents were prime suspects.

In Paris, the Mujahidin Khalq opposition group denied any responsibility. Much of the opposition movement, formerly based in France, was expelled to Iraq last year in an effort to improve French-Iranian ties.

Also hurt in the explosion was a construction worker, Monica Eduardo Espinosa, 20, who was discharged from a hospital shortly after being admitted.

Witnesses said the blast blew out windows in nearby buildings and started a fire that destroyed the Renault automobile.

Arab extremist organizations have staged a succession of attacks on Middle Eastern targets in Spain in recent years.

In August 1985, suspected members of Islamic Jihad, a Shiite Muslim group based in Beirut, made an unsuccessful attempt on the life of a Kuwaiti newspaper owner who supported Iraq in the Gulf war.

The same group has been held responsible by the Spanish authorities for the bombing of a Madrid restaurant in April 1985 in which 18 Spaniards were killed.

French-Iran Loan Talks

Foreign Minister Jean-Bernard Edouard de France said Monday in Amman, Jordan, that talks with Tehran on repaying a loan of \$1 billion made to France would continue despite the crisis over an Iranian Embassy employee sought by the French police.

He also said at a news conference ending his two-day visit to Jordan, cut short by the dispute, that there was nothing to negotiate in the case of Wahid Gorgji, who took refuge in Iran's embassy in Paris.

Mr. Gorgji, listed as an inter-preneur, has failed to respond to a summons by a magistrate investigating bomb attacks that killed 13 persons and wounded more than 250 in Paris last year.

The French police are surrounding the embassy "to make sure he doesn't disappear again," Mr. Raymond said.

Iran, which initially sealed off the French Embassy in Tehran, lifted its siege on Saturday. It wants guarantees that Mr. Gorgji will not be arrested if he leaves the embassy in Paris.

Mr. Raymond said there was no progress at present in France's project of normalizing relations with Iran, but added that talks with French companies on repayment of the Iranian loan were continuing.

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Earthquake Rocks Vanuatu

HONOLULU — A strong earthquake rocked the island republic of Vanuatu in the South Pacific late Sunday. The quake measured 6.7 on the Richter scale.

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A U.S. Green Party Studied by Activists

By Philip Shabecoff
New York Times Service

AMHERST, Massachusetts — Political activists representing a broad spectrum of ideological shadings have assembled here to raise a new Green political banner.

Ecologists, anti-nuclear organizers, feminists, community leaders, American Indian representatives, Marxists, socialists, anarchists, libertarians and trade unionists were among more than 500 people from all over the country who attended the "first national conference of the American Green Movement." The conference began Thursday and ends Tuesday.

The movement considered at the conference was loosely modeled on the Green parties of West Germany and other European countries, which combine environmental goals with wider political aims in national electoral politics.

Some of the participants expressed doubt over whether there could or should be a national Green Party in the United States. But they asserted that there was an urgent need for alternatives to existing political, economic and environmental institutions and practices.

While the debate is not expected to produce a formal party structure or specific agenda, there was a consensus on these key principles:

- Social justice and environmental protection are equal and related aims of political action.
- Any political system must be based on grass roots organizing, where power comes from below, not from above.
- Economic and political activity must be decentralized and community-oriented. Economic growth must meet the needs of all citizens without destroying the natural environment.
- Political activity must be non-violent.

According to Howard Hawkins, an organizer of the conference who is a member of the Central Valley Greens of Vermont and New Hampshire, Green or Green-affiliated candidates have been elected to municipal offices in Connecticut, Michigan, New Hampshire, Wisconsin and North Carolina. There now are about 75 unaffiliated local Green parties.



L.A. LIMITS HOMELESS AT CAMPGROUND — Some of the 600 homeless people who live at a campground in downtown Los Angeles, which has decided not to increase the limit of residents to 800, citing health and safety concerns. The Salvation Army, which operates the 12-acre campground for the city, had requested the increase.

Reagan Insists on Hard Line To Achieve Conservative Goals

By Lou Cannon and David Hoffman
Washington Post Service

WASHINGTON — In the final stages of his presidency, Ronald Reagan is more insistent than ever in pushing his conservative agenda.

White House aides said Mr. Reagan's choice of Judge Robert H. Bork to fill an unexpected Supreme Court vacancy and the resurrection of his old-time conservative economic program in a speech last week were part of an effort to prevent his presidency from fading into the past tense under pressure from a restive Democratic Congress and the Iran-contra investigation.

Mr. Reagan has told the White House chief of staff, Howard H. Baker Jr., who made his reputation as a compromiser, that he wants no compromise in the fight against tax increases. Last week, the president brushed aside assessments that Judge Bork, who sits on the U.S. Court of Appeals for the District of Columbia, might face difficulty winning Senate confirmation and said he wanted Judge Bork anyway.

"It's very Ronald Reagan-like," Mr. Baker said Sunday in a televised interview, referring to the nomination of Judge Bork. "He not only states his beliefs, he acts on them."

of 18 months of campaigning for his issues and setting the agenda for the 1988 campaign," a White House official said last week. "It's had a regenerative effect on his work."

But other Republicans are worried that Mr. Reagan's turn to confrontation may have doomed prospects for a genuine budget compromise with the Democrats. According to an administration official, Mr. Baker was negotiating a compromise with Democratic congressional leaders when he was derailed by Mr. Reagan, who made it clear he would not agree to revenue increases of any sort.

"This president doesn't want to be told that he can't sustain the

NEWS ANALYSIS

highway bill veto or that he will find it difficult to get Bork confirmed," said one White House official. "He wants you to find a way to do what he wants to do."

A longtime Republican associate said there was "genuine tension" between the immediate goal of "keeping Mr. Reagan interested in his presidency" and the long-term one of leaving "a useful legacy," such as an arms control agreement with the Soviet Union and a compromise over the budget. This associate said Mr. Reagan wanted the arms control agreement but was "much less interested in reaching an accommodation with the Democrats" on domestic issues.

Some administration officials say they believe Mr. Reagan's attempt to take the offensive gives him a chance to raise issues he avoided in the 1984 re-election campaign, when the theme was "It's morning again in America."

Mr. Reagan's emphasis on conservative themes comes during the tenure of Mr. Baker, who is considered less conservative than either of his two predecessors. During Mr. Reagan's first term, when he compromised more readily than he does now, it was Mr. Baker, as Senate majority leader, who fre-

quently forged deals for him on Capitol Hill.

A White House official said that Mr. Baker had come to the White House thinking he could continue to negotiate with Congress as he had when he was Senate majority leader. But the official said Mr. Baker had changed his view, realizing that his efforts are unlikely to bear fruit with a Democratic-controlled Congress determined to challenge the president. He said Mr. Baker had also realized that Mr. Reagan is less inclined to negotiate than he used to be.

Mr. Baker said when he arrived that one of his priorities would be negotiating for Mr. Reagan on the budget. Initially, he waited for the Democrats to come up with a budget reflecting their priorities. Then Mr. Baker intended to strike a deal on budget revisions that would convince Mr. Reagan he could negotiate on the merits of the budget, the White House official said.

But the official said the strategy has collapsed because neither the president nor the Democrats are interested in compromise. The official said that Mr. Baker could not let Robert C. Byrd, the Senate majority leader, take the initiative on the budget and other issues, because conservative allies of Mr. Reagan would "eat him alive," a reference to Mr. Baker.

As a result, Mr. Baker was said to have acquiesced in the confrontational approach. He was said to have recognized that Mr. Reagan was "adamant" against compromise. The official quoted the president as saying, "I've tried and tried and tried" to deal with Congress and "I'm not going to play that game anymore."

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Californian Fights Back After Court Bans IQ Tests for Blacks

By Jay Mathews
Washington Post Service

RIALTO, California — Mary Amaya was happy when the school sent the letter in May asking permission to give her son, Demond Crawford, 14, special tests. He was a bright youth, like her other children, but had been struggling in school lately. She wanted to know why.

Then she found the postscript at the bottom of the school psychologist's letter: "NOTE: Because Demond is Black — the words were underlined — we will be unable to give him an intelligence test per Peckham decision."

She thought: What is this? Unbeknownst to her and most other Californians, a long debate over intelligence tests in public schools had just ended, and the anti-test forces had won.

Henceforth, no black child in California could be given a state-administered intelligence test, no matter how severe the student's academic problems. Such tests are racially and culturally biased, Judge Robert F. Peckham of U.S. District Court ruled in 1979.

After losing in the Ninth U.S. Circuit Court of Appeals last year, the state agreed not to give any of the 17 banned IQ tests to blacks.

That did not seem right to Mrs. Amaya, who prided herself on demanding the best for her four children. She had never finished high school, but she resolved to find out why and how they could shortchange Demond this way.

In the two months since, Mrs. Amaya, a 40-year-old housewife with a master full of softball trophies, has interrogated one of the principal lawyers on the winning

many tools and did not need to be discarded.

Deputy Attorney General Asher Rubin, the state's attorney, called Mrs. Amaya's campaign "an interesting twist." Mr. Rubin had defended the state against a lawsuit by the parents of "Larry P.," a San Francisco schoolchild, and five other black youngsters.

Mrs. Amaya has been particularly dissatisfied with the support that

No one has yet given Demond the tests his mother wants for him, but her protest is liable to affect both sides in an ongoing legal battle over how best to categorize and help minority children who do not do well in school. Psychologists and educators in several states are discussing the issue, and courts in Illinois and Georgia have reached conclusions contrary to Judge Peckham's.

Mrs. Amaya, who is Hispanic, met Demond's father, a black factory worker, after she dropped out of high school two months short of graduation in 1965. They did not marry but lived together 15 years before the relationship ended.

They raised four children in the Los Angeles suburbs of El Monte and West Covina, where blacks are a small portion of the population. Mrs. Amaya, now married three years to a construction worker and living in a tile and stucco tract house in Rialto, rejected a suggestion by school officials that she sidestep the test ban by declaring Demond to be Hispanic.

"I thought that would be denying Demond's black heritage," she said.

She argues that the cultural disadvantages of growing up in black ghettos, which might distort intelligence test scores, do not apply to

her children, but opponents of the tests strongly disagree.

"It is an instrument that has consistently been used for discriminatory purposes," said Armando M. Menocal, a San Francisco lawyer who represented Larry P.

The Larry P. case was filed in 1971 at the urging of black psychologists and others who discovered that the state's special-education classes were 27 percent black — three times their proportion in the normal school population.

In a six-month trial, several expert witnesses argued that many blacks had been mistakenly placed in the classes for slow or erratic learners. They said the IQ tests used in selecting them had mistakes in their cultural disadvantages, such as ghetto slang and lack of books at home, for low intelligence.

This doomed them to years of being branded "retarded" and kept out of classes that matched their real abilities, they said.

To Mrs. Amaya, the entire debate over race and its impact seems false and irrelevant, at least for most of California today. She pointed to her racially mixed family, and beyond.

"You can't go into any neighborhood anymore and call it a white middle-class neighborhood. There is no such thing."

Mary Amaya had never finished high school, but she resolved to find out how the schools could shortchange her son.

side, rallied to her cause much of Rialto, a little home-dry city along the San Bernardino Freeway, and acquired the active support of a member of the U.S. Commission on Civil Rights.

In a letter to Mrs. Amaya, Mr. Clark said that after checking with several authorities his executive committee had concluded that "the overall impact of the decision will be more beneficial than detrimental to black youth."

Mrs. Amaya said the letter suggested to her "that in the last 18 to 20 years, black people haven't made any progress."

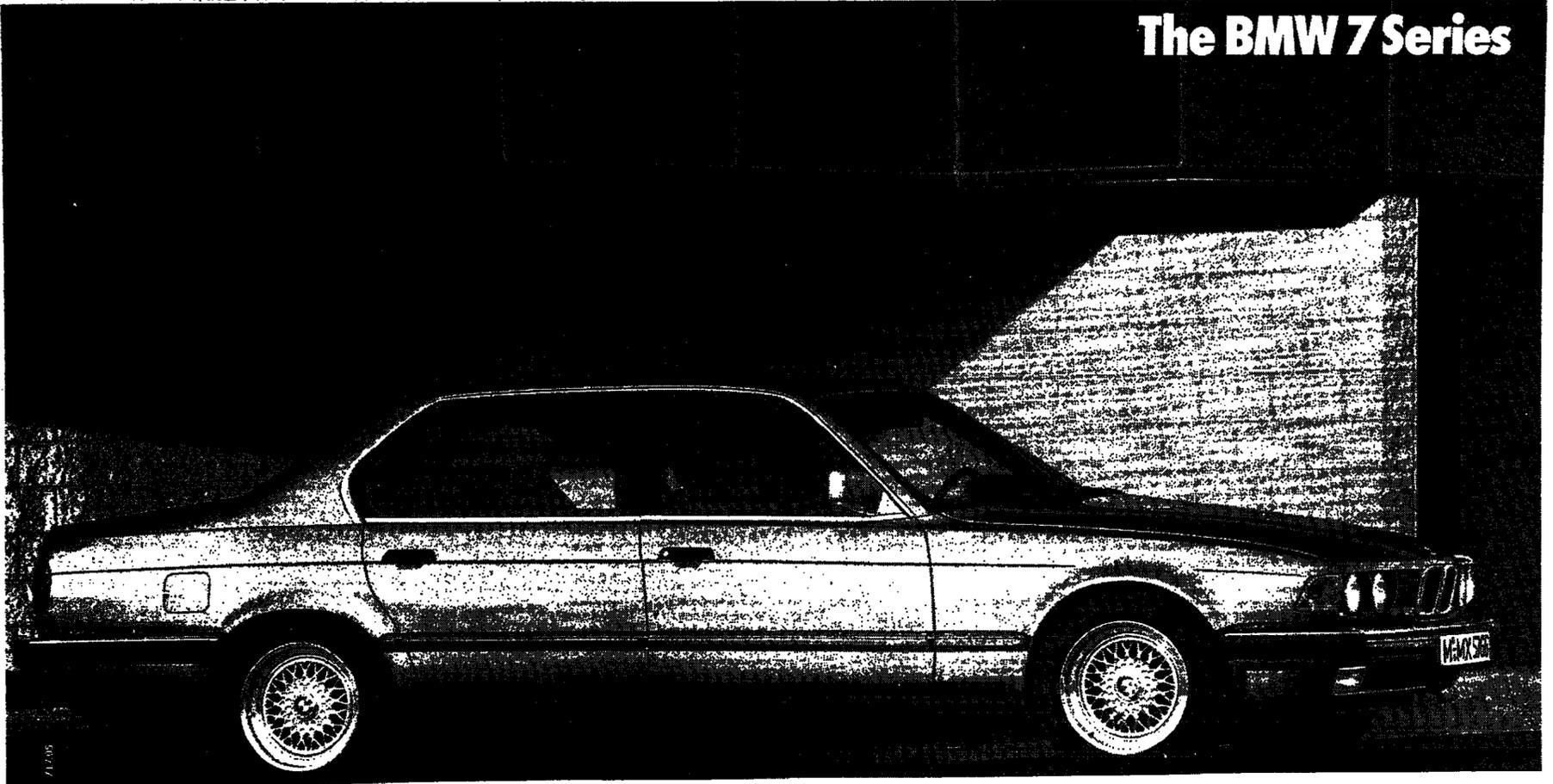
E. Lewis Clark, president of the Rialto-Fontana branch of the National Association for the Advancement of Colored People, has given the ban on IQ tests.

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West German President, In Moscow, Emphasizes Goal of Reunification

Compiled by Our Staff From Dispatches
MOSCOW — President Richard von Weizsäcker of West Germany told the Soviet Union on Monday that Germans would never cease to feel that they were "one nation," regardless of the division of their land.

Although Mr. von Weizsäcker also pledged to respect existing borders, his comments were an affirmation of the West German goal of reunification with East Germany.

The comments were part of Mr. von Weizsäcker's speech at a state dinner on the first day of his six-day visit.

East-West relations, especially questions of disarmament, dominated the public aspects of the visit by the West German head of state. But in the background lay the case of the 19-year-old West German pilot who landed at Red Square on May 28.

A West German newspaper said on the eve of the visit that the pilot, Matthias Rust, would be released during the trip. But Soviet officials warned last week that their investigation was not complete. Mr. Rust has been held in the Lefortovo prison.

Mr. von Weizsäcker did not mention the flight in his speech at the banquet given by President Andrei A. Gromyko, but concentrated on calling for better relations between the two countries.

"Our relationship will prove all the more fruitful the more openly and the more honestly we speak to one another," he said. "It is not always pleasant to recall embarrassing realities, but neither will they disappear if they are denied."

The issues he raised included the West German desire for easier emigration for Soviet citizens of German origin, and German reunification.

"The Germans who today live separated in East and West," he said, "have not ceased to feel that they belong to one nation, nor will they do so."

"In cherishing this sentiment we are not opposing anyone," he continued. "On the contrary, it is precisely the division of our country and its effects on the people that make us acutely conscious of the need for peace."

Aware of the concern the Kremlin has expressed about any suggestion of revising the borders established after World War II, Mr. von Weizsäcker said: "We will not violate existing borders. Our aim is to rid them of their divisive and inhumane character."

He also called for a "radical and balanced" reduction in arms, including deep cuts in conventional weapons.

"What is important," he said, "is a balanced defense without any capability for aggression, the exclusion of the possibility for mounting surprise operations."

He also called for the Soviet Union to remove its troops from Afghanistan.

At the banquet, Mr. Gromyko called on West Germany to help the United States and the Soviet Union reach agreements on reducing Europe of nuclear missiles.

"The current talks in Geneva on freeing Europe of medium- and shorter-range nuclear missiles are a serious test of the preparedness of states to go from words to actions," the Tass news agency quoted Mr. Gromyko as having said. "Their outcome depends to a large extent on the stand of West European nations."

"We hope the West German government will contribute not just in words but in action to the success of these talks, to freeing Europe of whole classes of nuclear weapons."

Mr. von Weizsäcker said he and Mr. Gromyko had had about two hours of "serious talks which were full of trust."

He said they had discussed international and bilateral relations, but he gave no details.

Mr. von Weizsäcker, who is accompanied by Foreign Minister Hans-Dietrich Genscher, was due to meet with Tuesday with the Soviet leader, Mikhail S. Gorbachev.

Pravda, the Soviet Communist Party newspaper, said Monday that the West was overstating the chances of a superpower accord to remove medium-range nuclear missiles from Europe, and warned against excessive optimism.

The newspaper said U.S. insistence that West Germany be allowed to keep 72 Pershing-1A shorter-range missiles armed with U.S. warheads remained one of many serious obstacles to an agreement at the U.S.-Soviet arms talks in Geneva.

"Special gifts are not needed to notice a certain buoyancy in the evaluations and predictions of Western politicians about the Soviet-American talks in Geneva," Pravda said.

The article accused Washington of leaking overly optimistic reports to the Western press while erecting artificial barriers at the Geneva talks.

(UPI, Reuters)

Kollek to Boycott Events at Consulates To Protest Separation of Arabs, Jews

By Glenn Frankel
Washington Post Service
JERUSALEM — Mayor Teddy Kollek of Jerusalem is planning to boycott a July 14 celebration sponsored by the French consulate in protest of the longstanding diplomatic practice of holding separate social receptions for Arabs and Jews, his office announced Monday.

The policy of separate receptions is one of several Western diplomatic practices that Israel says deny that Jerusalem is the country's capital.

But many Palestinians argue that to hold only one reception in the Jewish part of the city, where most of the consulates have their main offices, would amount to tacit recognition of Israel's 1967 annexation of their sector.

Many Western nations maintain their embassies in Tel Aviv and have consulates in Jerusalem, refusing to recognize Jerusalem as the capital because it was supposed to be an international city under the United Nations partition plan under which the state of Israel was created in 1948.

Since Israel annexed Arab East Jerusalem during the Six-Day War in 1967, most of the city's Western consulates have held separate celebrations of major events, such as Christmas and their national days. Otherwise, they say, many Palestinians would refuse to attend.

The one exception has been the United States, which since 1984 has held single receptions. The Independence Day celebration this year, held Sunday at the consulate's main headquarters in West Jerusalem, drew a mixed crowd of which nearly half were Palestinians, according to the U.S. consul general, Morris Draper.

The French consul general, Jean-Claude Cousseran, confirmed that the consulate planned separate receptions on July 14, the French national holiday commemorating the fall of the Bastille prison in 1789. One reception will be held at his residence in West Jerusalem

and the other at a church in the eastern sector.

"We have done it this way for 20 years and all the other countries except one are doing the same," he said. He declined to comment further.

Mr. Kollek made his decision to boycott the consulates after attending the U.S. reception on Sunday. Sevnanh Meyrin, the mayor's spokesman, said that France had not been singled out, but that the July 14 celebration was the next event scheduled.

"Today's been fighting this for many years and he's decided the time has come to do something," said Mr. Meyrin. "He thinks the consulates are here to try and bring groups together, not keep them separate. This doesn't mean they have to accept Israeli rule but it does mean accepting that Jerusalem is one city and should not be separated again."

But a Palestinian newspaper editor, Daoud Kattab, said the separate receptions were symbolically important to Palestinians.



GENOA GAS BLAST KILLS 4 — A Genoa apartment building after an explosion, which police said Monday was caused when an invalid turned on a gas stove in an apparent suicide. Four persons, including the invalid, were killed and 20 were hurt.

BRAZIL: Crisis, Disorder

(Continued from Page 1)

finance minister's program was strongly criticized at a meeting in São Paulo last week with members of the Brazilian Democratic Movement Party.

Mr. Bresser Pereira was nominated for the job by the party's national leadership, of which he is a member.

"Political support for the new economic plan is hanging by a thread," said Francisco Lopes, an economist who helped draft Mr. Bresser Pereira's program.

A caucus of 46 deputies and eight senators representing the left minority of the party issued a manifesto Sunday in Brasília calling on the party to break with the Sarney government.

Senator Mario Covas, the anti-Sarney leader, said, "If we have to choose between the government, and the people, I will stay with the people."

The Democratic Movement Party has been the majority party in the Sarney government. A split would undermine political support for Mr. Sarney in the National Congress and in a constituent assembly now writing a new constitution.

The party leftists said they would take part in a rally Tuesday in Brasília calling for shortening Mr. Sarney's presidential term, which is for six years, by holding a new presidential election next year. Mr. Sarney took office in 1985.

The rally has been promoted by Mr. Sarney's political arch-enemy, Leonel Brizola, the former governor of Rio de Janeiro State, and the leftist labor movement identified with the Worker's Party of Luis Inácio da Silva.

Mr. Sarney has received unusual public signs of support recently from military leaders and Brazil's Roman Catholic bishops, who condemned violence.

Polls last week showed strong rejection of the bus riots, with 55 percent of the respondents in one poll predicting a return of the military if social order breaks down.

AFGHAN: Insurgents Score Gains

(Continued from Page 1)

of the shoulder-fired missile earlier this year.

To the surprise of U.S. military analysts, there is still no evidence the Soviet Union has devised countermeasures to protect their aircraft from the Stinger missiles, which are estimated at an average of one aircraft a day since October.

The level of sophistication of the weapons being used by the two sides may now be on the verge of starting a new cycle.

U.S. defense officials are examining an array of American and other Western-made artillery, mortar and anti-air weapons that they feel would be helpful to the guerrillas in the fighting, according to another administration source.

The only limit being placed on the kind of weapons the United States is now willing to send, the guerrillas is their suitability to the terrain and conditions of warfare, this source said.

"We're going to give them whatever they need to do it," he said.

U.S. Envoy Has Meeting With Assad

The Associated Press
DAMASCUS — President Hafiz al-Assad conferred Monday with Vernon A. Walters soon after the U.S. envoy arrived in Damascus, a Syrian official said.

Mr. Assad's spokesman, Jibrail Kourieh, said the talks focused on "Middle East developments and issues related to the Middle East as well as relations between Syria and the United States."

Mr. Walters, the chief U.S. delegate to the United Nations, entered the Syrian capital quietly. He is the first high-ranking American official to visit Syria since Washington scaled down diplomatic links with Damascus in November over allegations that Syria was involved in terrorism.

A U.S. Embassy spokeswoman, Marjorie Ransom, would neither confirm or deny that Mr. Walters had arrived. "I have absolutely no comment on this matter," she said.

Syria's state-run media made no mention of Mr. Walters' visit.

The White House said last month that a U.S. envoy would go to Damascus after President Assad agreed to a request from President Ronald Reagan.

Mr. Walters' trip to Damascus followed a visit to Moscow, where he sought support for efforts by the United Nations Security Council to end the war between Iraq and Iran.

Syria is Iran's main Arab ally, although that alliance has been showing signs of strain in recent months.

Syrian sources, speaking on condition that they not be identified, said it was not immediately known how long Mr. Walters would stay in Damascus. They gave no details of his schedule.

The United States withdrew its ambassador to Damascus, William L. Eagleton Jr., seven months ago after Britain severed relations with Syria.

The British claimed that Syrian intelligence was behind a plot to smuggle a bomb aboard an Israeli airliner in London in April 1986. Syria denied the charges.

Cairo Sprawls Into the Desert Squatters Build Shum Atop Garbage Dump

(Second of two articles.)
By Henry Tanner
International Herald Tribune

CAIRO — Cairo is gobbling up the countryside around it. On the west bank of the Nile, the wheat fields that stretched from the river-side suburbs to the pyramids 10 years ago have been transformed into a huge, congested urban sprawl.

A middle-class suburb is rising on top of El Mokattam hill, a cliff that separates the city from the desert in the east. In the waterless gullies of the hill and on the site of a huge former garbage dump, thousands of squatters are building rock by uneven rock, one of the city's worst slums.

Beyond the airport, in the desert, where in the mid-1970s the only signs of habitation were the tracks of army trucks and empty gas can placements, there are miles of teeming streets and buildings.

With the city growing by more than 300,000 people every year — it now has more than 10 million inhabitants — the task of providing low-cost housing has been largely to squatters, who are building their homes without permission or help from the government on land that does not belong to them.

"Informal" housing is the bureaucratic euphemism.

It accounts for about 75 percent of the apartments built in Cairo during the last 10 years, according to a recent study by Abou Zaid Raqab, an urban expert.

The neighborhood of Boulak el Dakrouz is one of the largest "informal" settlements. It spreads westward from the Nile, barely half a mile (less than a kilometer) upriver from the French Embassy and some of the capital's most luxurious "formal" apartment buildings.

It is home to about 800,000 people. There are 4.5 persons to a room, as the statistics put it. Fifteen years ago it was an expanse of vegetable farms.

Today it is a maze of three- and four-story houses facing each other across alleys that are rarely wider than three yards (three meters) and often narrower. There are no streets, no government schools or hospitals, no playgrounds or open spaces and no police station. Ambulances, garbage trucks and fire engines cannot penetrate.

There are plenty of mosques, and plenty of children.

The mosque, on every third or fourth corner, are little buildings with only the green neon lights in the evening and a coat of paint to set them apart from the ordinary houses. Many of them run schools and clinics.

Most of the children playing in the dust of the alleys appear to be eight or nine or younger. Several of the men condemned for the murder of President Anwar Sadat in 1981 had spent some of their lives in this warren.

The houses have been built by three or four families who own their apartments. The money came from family members with jobs in the city's worst slums.

The government, having failed to provide any infrastructure before the squatters arrived, has no authority in this "informal" city, said a social worker acting as a guide for a recent visitor. "A government that does not control the start of basic housing does not control anything," he said, adding: "The only authority here is the mosque."

Two men were marking off an irregular small space on the fringe of the quarter. They drove wooden stakes into the ground and linked them with white string — the first act of building an "informal" home.

Cairo, "the city of the 1,000 minarets," as it has been known for centuries, has its own religious geography, just as other cities have their social or racial maps.

An aggressive and potentially violent strain of Islamic fundamentalism is concentrated in the poorest fringe areas and the equally overcrowded and decaying old city, according to specialists. There is far less fanaticism in the rise of

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The government, having failed to provide any infrastructure before the squatters arrived, has no authority in this "informal" city, said a social worker acting as a guide for a recent visitor. "A government that does not control the start of basic housing does not control anything," he said, adding: "The only authority here is the mosque."

Two men were marking off an irregular small space on the fringe of the quarter. They drove wooden stakes into the ground and linked them with white string — the first act of building an "informal" home.

Cairo, "the city of the 1,000 minarets," as it has been known for centuries, has its own religious geography, just as other cities have their social or racial maps.

An aggressive and potentially violent strain of Islamic fundamentalism is concentrated in the poorest fringe areas and the equally overcrowded and decaying old city, according to specialists. There is far less fanaticism in the rise of

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GULF: U.S. Planes Sent to Counter Iran Missile Threat

(Continued from Page 1)

armed with weapons that could have knocked out the missile sites, officials said. Providing such air cover was an elaborate exercise, sources said, requiring launches of not only bombers and fighters but of refueling planes as well.

U.S. Explains Flights
A Defense Department official, referring to the naval warplane escort missions over U.S. warships and commercial shipping entering and leaving the Gulf, told Reuters in Washington: "It will be part of our precautionary operations to do this from time to time in the future." The official asked not to be identified.

Said another official: "It was not intended to be provocative. It was intended to demonstrate our ability to cover the Strait with both fighter and surveillance aircraft."

Pentagon officials said Monday that there was no indication Iran was preparing to launch the missiles when the F-14 fighter jets flew protective cover on Saturday.

Mr. Fitzwater said the jets were "in a command and control situation related to" the departure of the Stark, which was accidentally hit by an Iraqi missile on May 17.

"The Navy aircraft did do overflights over the Gulf related to the Stark's departure," he said.

"It had nothing to do with the Silkworms. It was not meant to be provocative in any way. It did not infringe on Iranian air space and was in no way related to the Silkworms."

He did not respond to questions on the readiness condition of the Silkworms, saying it was an intelligence matter.

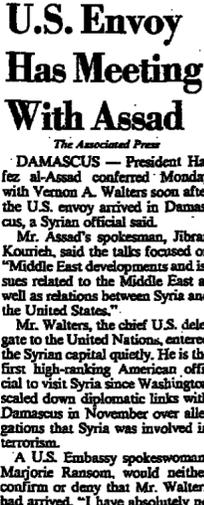
U.S., Soviet Discuss Gulf
U.S. and Soviet officials opened a meeting on Monday that reportedly focused on developments in the seven-year Iran-Iraq war and prospects for a Middle East peace conference, The Associated Press reported from Geneva.

A U.S. spokesman, Chris Henze, said no statement or briefing was likely to follow the two-day meeting, which began in the Soviet mission to the United Nations. A Soviet source, who asked not to be identified, described the meeting, the third of its kind since 1985, as an "exchange of opinions."

Heading the two delegations were Richard W. Murphy, assistant secretary of state for Near Eastern and South Asian affairs, and Vladimir Polyakov, chief of the Middle East Department in the Soviet Foreign Ministry.

Reports in Washington said that Mr. Murphy planned to seek Soviet help in steering through the UN Security Council a resolution calling for a comprehensive cease-fire in the Gulf war, and support for a follow-up move that would impose sanctions for noncompliance.

The British claimed that Syrian intelligence was behind a plot to smuggle a bomb aboard an Israeli airliner in London in April 1986. Syria denied the charges.



The USS Constellation, the aircraft carrier from which U.S. fighter jets were launched.

كربان الامم

ARTS / LEISURE

Lacroix Taking Couture Back to Camargue Roots

International Herald Tribune
PARIS—Christian Lacroix, the new wonder boy of Paris fashion, is getting his act together. And what an act! With what will be the most widely anticipated collection in years, Lacroix will open Paris couture week at 2 P.M. July 26. The evening before, he will entertain the fashion press and pros during a cocktail party at his new couture house on the elegant Rue du Faubourg Saint-Honoré.

Instead of the conventional and ever so genteel Louis or Napoleon pom-poms that have dominated

HEBE DORSEY

Paris couture houses for decades, Lacroix went back to his roots—the rough and wild Camargue region in the south of France. With wide open spaces, the Camargue is France's closest thing to the American Wild West, with ranches, horses and gardeners, or cowboys, wearing wide-brimmed hats. Lacroix, who, during a recent trip to the United States was impressed with Santa Fe, said he wanted his decor to be a cross between Santa Fe and a Camargue ranch.

He called on the decorators Garouste and Bonetti, who among other things did the spectacularly unorthodox Le Privilege restaurant at the Palace nightclub. "I did not want a classic salon," Lacroix said recently between fittings. "Couture today is theater."

The designer was lucky. The house he moved into—most elegant with a huge garden at the back—had several arched salons which lent themselves perfectly to Lacroix's idea of a bullring. He had the walls painted in violently contrasting orange and fuchsia—"a combination that cheers me up"—with rugs to match. The ceiling is a blue sky, complete with a few white clouds. The walls are outlined with stark, black, flame-like friezes taken from Camargue folk art, and the furniture includes giant settees, each one of which can accommodate 10 people.

Other pieces of furniture have a ranch feeling but they are touched with an intriguing surreal hand, while spindly wrought iron brings a Diego Giacometti finish. Here and there, a fun touch—such as a crazy stool, a tree trunk topped by satin quilting—and a reminder that one of Lacroix's most endearing traits is his sense of humor. Customers will have to have a sense of humor to accept changing in a couple of



Christian Lacroix and one of his Arlésienne designs.

cabins on wheels—like the ones used at French sea resorts at the turn of the century.

Surrounded with books on the Camargue, Lacroix explained that his collection, which will consist of only 55 models, also will be a tribute to his native land. While he cleverly kept a few of his signature poofs, the most important silhou-

ette will be the Arlésienne, or woman of Arles, whose demure native costume consists of a black or brown dress topped by a huge, criss-cross embroidered shawl.

"I've tried to simplify," he said. "There won't be any ruffles or flowers but rather stiff fabrics for abstract dresses." "Although we have the bullfight

in mind, the results won't be Spanish gaudy," added Lacroix, whose grandfather was a bullfight specialist. "The spirit is different from Saint Laurent, who used the Spanish bullfight theme to the hilt. My folklore will be more subdued and more French. And more Provencal. Arlésiennes don't wear mantillas in the ring but lace coils and restrained, severe colors such as brown and black. They dance to announce the corridos.

"There won't be any flashy, gold and red bullfighters' costumes. The only gold touches will be the gypsies of Saintes-Maries-de-la-Mer." Here, Lacroix was alluding to a famous gypsy pilgrimage in the southern Camargue. In short, he defined his collection as "a summary of my tastes, emotions and souvenirs." In an effort to pare down and purify, the exuberant Lacroix will open with a Parisian, chic little black suit, if only to show that he can do that too.

Meanwhile, the designer has gar-



Surrounded with books on the Camargue, Lacroix explained that his collection, which will consist of only 55 models, also will be a tribute to his native land.

A Jazzman's 'Interaction'

By Mike Zwerin

International Herald Tribune

YOU might say that Adam Rosenbaum is producing his "International Music Seminar" hand-in-hand with the city fathers except that there are also a few political uncles involved and sometimes it's not so handy. But the combination of central location, intelligent growth, a respected university, a community of hardworking *plebs notis* and a dynamic mayor has given Montpellier a reputation as a budding French Los Angeles.

There will be 46 jazz festivals, more than ever, in France between June and August. One of this year's additions, July 12-25, is the brainchild of this 32-year-old American, who calls Montpellier phenomenal. "I was looking for a place with an open attitude, that wasn't staid in its approach to the arts. Mayor Georges Frêche is sort of American—he's expansive, positive, wants to do the maximum for his city. But the department and the region are also involved and I don't understand French politics enough to evaluate all that."

"So I figure this gives me an advantage. I can just go in and say what I think. Everybody respects that. I try not to step on any feet. I'm not a businessman, but I'm not dumb. I'm open to all suggestions. I've invited French musicians like Daniel Humair to participate. I don't want to be a cultural imperialist. Everything just feels right. You know how it is when you don't have to think about something you do? Hey! I practice my guitar in the morning, go to the mayor's office in the afternoon and have dinner with management consultants, and I never have to check out my notes or make sure my alibis are in order."

Rosenbaum studied foreign languages (he speaks German and French) at the University of Michigan, music at the Berklee College of Music in Boston, filmmaking at New York University and attended the Guitar Institute of Technology ("above the wax museum") in Hollywood.

When he moved to Hamburg with a German friend in the early '80s, he worked in studios, and with jazz and rock bands, and wrote songs. After two years, he found he liked the feeling of what he calls "creative alienation" in Europe: "It makes you think, you're more awake, more sensitive. The doorknobs are different everywhere."

He was no longer comfortable with the American way of life when he went back to Berklee to study arranging and to Los Angeles to play the guitar and teach at the Musicians' Institute. After organizing an MI seminar in London last summer, he formed his own company to produce the first in what he hopes will be a series of European music seminars.

The teaching situation in which he learned most was



Adam Rosenbaum

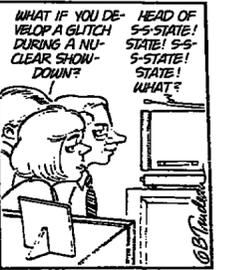
once having coffee with Joe Pass. This sort of thing is called "open counseling," and Rosenbaum believes it is "essential to handing down the tradition of communicative art. Bach walked 30 kilometers to see his *Kapellmeister*. Miles Davis went to New York to find Charlie Parker, Bob Dylan found Woody Guthrie. It can be described in Freudian terms—establishing a father-figure, and then killing him."

Rock-tinged jazz father figures like Pat Metheny, Chick Corea, Oregon, John Scofield, Gary Burton and Joe Diorio will be available for workshops as well as open counseling in Montpellier. They will also give concerts. The basic idea, according to Rosenbaum, is to "afford a unique opportunity for artists, students"—200 registered—"instrument manufacturers, music critics and the public to interact on many levels in the exciting south of France."

"Interaction" is the key word. "Hey!" he says. "I've been through the jazz educational mill in the States. The system is geared to give you the minimum amount of information so you'll come back next semester. The curriculum is photocopied, teachers often don't bother to learn the student's name. Some teachers show up for an hour a week, and I know one school that has a dead musician listed on their faculty. Intimidation is often inherent to the learning situation. You're the authority, they're not. You're the adult, they're children. It's dehumanizing. We will have no curriculum. It will be a completely open situation."

He believes a lot of Europeans will eventually leap at the opportunity to pay the \$300 tuition (plus room and board)—it costs something like \$10,000 to travel to the United States and study with such high-caliber people for a semester. This is only two weeks, but Rosenbaum guarantees maximum quantity as well as quality. He is talking to tourist officials about adding two weeks in Switzerland, and he'd like to see at least 47 jazz festivals in France next summer.

DOONESBURY



GENERAL NEWS

Albania Gradually Moves Toward Ties With West

By David Binder

New York Times Service

WASHINGTON—The Communist leadership of Albania, moving gradually out of a long period of self-imposed isolation, will establish diplomatic ties with West Germany this month, according to officials in Bonn and Washington.

This and other diplomatic moves by Albania appear to be opening the country more to the West, while it maintains a coolness toward Soviet-bloc nations. But there seems to be no prospect of a warming toward the United States.

In a speech June 25 in Tirana, the capital, President Ramiz Alia said negotiations began three years ago between Albania and West Germany were "being concluded." At the same time, Mr. Alia invited Britain to open talks on establishing diplomatic ties, saying it was time to unfreeze the relationship after a break between the two nations 41 years ago.

His overture to the two countries appears to indicate that Albania has given up its extravagant claims for reparations from West Germany as well as demands for the uni-

lateral return of Albanian gold sequestered by Britain, France and the United States at the end of World War II.

A decade ago, Tirana was insisting that West Germany owed it \$4.5 billion in damages from the wartime occupation of Albania by Hitler's armies, a claim the Bonn government rejected. Though it has paid no reparations, West Germany apparently is preparing to make some generous investments in Albania.

The issue of the Albanian gold, valued at about \$36 million, is complicated by a British claim for compensation that arose from the Corfu Channel incident, in which 38 sailors were killed when two British destroyers struck mines near the coast of Albania in 1946. A World Court decision later favored awarding the compensation to Britain, but Albania disclaimed responsibility for the mining.

The incident led to the breach in relations between the two nations. The United States ended relations with Albania about the same time, in protest against harassment of American diplomats by the newly established Communist government.

Paul Fromm, 80, Vintner, Patron Of Music, Is Dead

The Associated Press

CHICAGO—Paul Fromm, 80, a wine merchant and philanthropist whose foundation at Harvard University helped nurture the creativity of nearly 150 contemporary American composers, died Saturday.

In 1952, he established the Fromm Foundation at Harvard. It has focused on individual artists, works and musical events, rather than on institutions.

In addition to commissioning scores, Mr. Fromm subsidized recordings, gave awards and sponsored radio programs and seminars for composers and critics.

He was born in Kitzingen, Germany, a fifth-generation member of a family of vintners. Mr. Fromm emigrated to the United States in 1938 and was naturalized in 1944, four years after settling in Chicago, where he started the Great Lakes Wine Co.

In an interview in 1984, he said: "I always planned to support composers. I just had to wait until I could afford it."

"I do not like to think of art as a commodity. I have always thought that you cannot have any healthy musical culture without placing the composer in the center of musical life."



Ramiz Alia

ed States grossly interfered in Albanian affairs in the past and would likely do so again.

In the last four years, Albania has improved relations with Italy, France, Greece, Algeria, Romania and, more recently, Turkey. In each case, Albania has sought to improve its foreign economic ties and to bring more modern technology into the country.

In light of this gradual emergence from a shell of hostility toward much of the rest of the world, the only anomaly in Albania's current foreign relationships involves its neighbor, Yugoslavia.

In his speech June 25, Mr. Alia heaped scorn on the Belgrade government, saying that "Yugoslavia is to blame for the fact that bilateral relations are burdened by complex and insoluble problems."

He then referred to the problems of Kosovo, the autonomous region of the Yugoslav republic of Serbia. The area has been the scene of repeated nationalist demonstrations by ethnic Albanians who constitute the majority of the region's population. There are almost two million ethnic Albanians in Yugoslavia, most of them residing in Kosovo; Albania's population is three million.

In the last dozen years the United States has periodically proposed holding talks with Albania with an eye toward reestablishing ties, but has been rebuffed by Tirana. The Soviet Union has made similar proposals and also has been rebuffed.

Like his predecessor, Enver Hoxha, who died in 1985, Mr. Alia seems determined to keep the two superpowers at arm's length, while steadily broadening contacts with other countries in the East and West.

The rationale for this, repeatedly expressed by Mr. Hoxha and now also by Mr. Alia, is the assertion that the Soviet Union and the Unit-

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Gr. Britain £	130	72	40	£ 0.19	£ 69
Greece Dr.	22,000	12,000	6,500	Dr. 49.56	Dr. 18,040
Ireland £Ir.	150	82	45	£Ir. 0.29	£Ir. 106
Italy Lire	380,000	210,000	115,000	Lire 756	Lire 275,200
Luxembourg L.Fr.	11,500	6,300	3,400	L.Fr. 18.41	L.Fr. 6,700
Netherlands Fl.	650	360	198	Fl. 1.21	Fl. 440
Norway* N.Kr.	1,800	990	540	N.Kr. 3.05	N.Kr. 1,110
Portugal Esc.	22,000	12,000	6,600	Esc. 64.56	Esc. 23,500
Spain* Ptas.	29,000	16,000	8,800	Ptas. 53.33	Ptas. 20,140
Sweden* S.Kr.	1,800	990	540	S.Kr. 3.05	S.Kr. 1,110
Switzerland S.Fr.	510	280	154	S.Fr. 1.10	S.Fr. 400
Rest of Europe, North Africa, former French Africa, Middle East \$	430	230	125	Varies by country	
Rest of Africa, Gulf States, Asia \$	580	320	175		

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Herald INTERNATIONAL Tribune

Published With The New York Times and The Washington Post

Cooperating Is Better

Sales of submarine propeller equipment to the Soviet Union by companies in Japan and Norway rightly arouse congressional fury. The crime was outrageous and the punishment by Tokyo and Oslo seemed paltry by comparison. But imposing American sanctions, as a Senate amendment to the trade bill would do, is not the answer. Cooperating to fix the damage, as now proposed by the two allies, is the correct start.

Over several years, Japan's Toshiba and Norway's Kongsberg sold Moscow machinery to produce quiet propellers for submarines, thus making detection more difficult. They violated a pact among NATO countries and Japan, as well as laws of these countries, to keep strategic equipment out of Communist hands. Toshiba and Kongsberg could have been punished more harshly if the full extent of their violations had been discovered before their governments' statutory time limits expired.

Yet if anger and dismay in Washington are warranted, imprudence is not. Toshiba's role makes the propeller case a juicy target for protectionists in Congress. That company perfectly embodies Japan's enormous success with electronic exports.

The Senate amendment aims to shut out most imports from Toshiba and Kongsberg for two to five years, and allows the

United States to seek civil damages. The vote was an overwhelming 92 to 5.

Such is the appeal of retaliation — but these measures would hurt America and the alliance. U.S. sanctions would invite a destructive free-for-all among allies, each seeking redress for any offense.

The more constructive response depends on cooperation, not retaliation.

First, repair the damage. It may cost billions to develop new anti-submarine techniques. Japan and Norway have expertise in anti-submarine warfare and properly offer to share in the effort and cost.

Second, tighten the alliance's monitoring of strategic exports and prosecution of violators. No controls are foolproof if there is big profit in breaking them. But Japan and Norway and the companies are undertaking to make theirs more effective, as should others.

In response to the propeller affair, some Republican representatives staged a sledgehammer attack on a Toshiba radio outside the Capitol. That appropriately reflects the destructive spirit of the Toshiba amendment and much else that is wrong with the trade bill that is now before the Senate. Sledgehammer politics may play well on the evening news, but it is no way to run an alliance or work out the problems of trade policy.

— THE NEW YORK TIMES

Running 'Against Moscow'

By one measure at least, Mikhail Gorbachev's program of economic reform has been a roaring success. He has got out only a good number of Russians but also a large corps of foreign observers to identify him as the good guy and the Soviet Union's "enormous and entrenched bureaucracy" as the villain. No doubt some of the foreign analysis rests on a superficial analogy made to the leader vs. bureaucracy struggle in democratic countries, what has become a white hat vs. black hat struggle in the public mind. From their own recent experience, after all, Americans can appreciate the political considerations that induce a new chief executive to campaign against the permanent bureaucracy. Presidents Carter and Reagan ran "against Washington." Mr. Gorbachev runs "against Moscow." But there is a difference: the purpose has been to mobilize a larger constituency behind the leader's initiatives. The drama in the Soviet context is that the larger constituency, the Soviet public, is a stranger in the role.

Having talked up reform for two years, Mr. Gorbachev took a program to the Central Committee the other day. The results suggest that it is still uphill battle. He got the Central Committee to add some of his people to the Politburo, but none of the doubters on the Politburo lost their places.

Major reform decrees were accepted, but not all of them, and issues of moving from decree to deed lie ahead. Mr. Gorbachev conceded that so far his reforms have had only "insignificant" effects. Now he seeks to advance from exhortation to institutional change. A leading adviser added that to effect such change by evolutionary methods would not work: "Radical" steps are required. Radical steps guarantee resistance. Many Westerners cheer Soviet reform on. Liberals see it as a force to soften the system and sharpen appetites for consumerism, democracy and détente. Conservatives see validation of the superiority of free enterprise. Nobody is much of a mind to rain on the parade by suggesting that, with the results of reform, the Kremlin might become a more unreeling global competitor.

A prior question, however, has to preoccupy Mr. Gorbachev. Is it feasible for a ruling Communist Party to expect that, by decrees formally redistributing powers within the economy, it can unleash grass-roots initiative while still retaining central political control? Not just the fate of the bureaucracy — the designated bad guy — is at stake, but the whole nature of the Soviet system. What Mr. Gorbachev has set out to do is very bold, and the historical odds are against him.

— THE WASHINGTON POST

No to the Pharaonic Tank

The Defense Department has agreed in principle to let Egypt build a plant to produce the M-1A1, the most modern version of the U.S. Army's new main battle tank. Even though America after the Camp David peace accords, became a principal source of arms for Egypt, co-producing the M-1 makes little sense for Cairo or Washington.

The M-1 embodies almost everything the U.S. Army knows about how to make tanks. None has yet been sold abroad. Letting the tanks be assembled in Egypt will inevitably hasten leakage of the secrets of their construction.

The M-1A1, the latest version of the M-1, has a more powerful gun designed to defeat improved Soviet tanks that have not yet even been fielded. It is foolish for the United States to export its most advanced arms to countries that do not need them.

Egypt plans to build 1,000 or more M-1As. Against whom are they to be deployed? America has no desire to see them used against Israel. As for Libya, Chad convincingly demonstrated in March at Ouadi Daoum that anti-tank missiles mounted on jeeps suffice to defeat Libyan tank forces. Unless Egypt expects a Soviet invasion, what military need justifies such a fleet?

The Defense Department's answer, in essence, is that the Egyptian military is a source of stability in Egyptian society and its wishes should be heeded. Egyptian generals want the M-1A1 as a matter of national pride, understandably seek to produce the most advanced tank available, and would buy from the French or British if thwarted.

As for safeguarding the M-1's technology, the Pentagon says all sensitive items

would still be fabricated in the United States. Besides, by the time the Egyptians get into production, the U.S. Army will be developing more advanced tanks.

But predictions of the M-1's obsolescence may be premature. Because of a rigid procurement system, it took the army 20 years to field the M-1. If that is any precedent, the army will be relying on M-1 technology for many years. Why risk compromising it?

Just because some generals like the fanciest possible weapons does not mean the M-1 is the best tank for Egypt. M-60 tanks, which the M-1 succeeds, are still in active service with the U.S. and Israeli armies. Egypt, a poor country, could buy three of the latest-model M-60s for the price of one M-1; and the M-60 is cheaper to operate. Squandering resources on gold-plated weapons is likely to be a source of social instability.

The bulk of U.S. foreign military aid goes to Israel and Egypt. Instead of spending the money wisely, both recipients yearn to gamble on single wonder weapons. Egypt seeks military prestige as the producer of the M-1; Israel has invested a disproportionate effort in a home-designed fighter plane, the Lavi. Both ambitions may be excessive. Israel has the economic capacity to build its own excellent tank, the Merkava, but will be stretched by building its own fighter, and Defense Minister Yitzhak Rabin is openly expressing doubts about the Lavi. Egypt needs to develop its civilian economy, not invest in main battle tanks designed for Armageddon in Central Europe. The United States would do better to encourage second thoughts by both countries.

— THE NEW YORK TIMES

Other Comment

A Cautious Revolutionary

In China, less than 40 years into its revolution, reforms have swiftly uncovered the native entrepreneurial instincts of the Chinese. The Soviet Union, well educated through its people formally are, has spent 70 years waiting for orders from the Politburo. It has yet to learn how to do things for itself.

A lot of people have an interest in Russia never learning that trick. The apparatuses of the country's only permitted party, and the government bureaucracy which the party supervises, do not relish losing the do-this-but-that powers which make life fun for them and which provide so many kickbacks

for the permissions they grant. Workers in factories that cannot pay their way will hate being told by Mikhail Gorbachev that this means lower wages and, possibly, no jobs.

His proposed reforms are still heavily weighed down by caution: caution about what he can get past his party; caution, probably, in his own breast. He knows that, if he fails, Russia will fall out of the ranks of the world's great powers. He may fear that, if he succeeds, some areas (the Baltic region, Georgia, Armenia) will fare much better than Russia, and that the party will no longer run the whole show, which is not the sort of revolution Mr. Gorbachev has in mind.

— The Economist (London)

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Yes, Escorting Kuwaiti Tankers Is Risky

By Drew Middleton

WASHINGTON — The White House is moving toward the escort of Kuwaiti tankers, flying the American flag, by U.S. Navy warships in the Gulf. Perhaps government spokesmen have gone too far in downplaying the dangers.

There is a risk, and it lies not in the nature of the weapons guarding the Iranian coastline but in the unpredictability of the government in Tehran.

The weapons are formidable enough. Iran has acquired 10 Silkworm surface-to-surface missiles from China. A hit would do far more damage than the Exocet that hit the frigate Stark.

A second weapon to which little attention has been paid is the mine. At the moment the U.S. Navy has no plans to send minesweepers into the Gulf (where the Soviet Union has three minesweepers). Presumably it will depend on helicopters equipped for detecting and exploding mines.

The Iranian air force is the final weapon. Seven years of war against a quantitatively and qualitatively superior Iraqi air force have reduced numbers of planes and pilots. But it is not unlikely that the Iranians will modify some of their remaining aircraft to carry mines that can be dropped in front of the tankers and their escorts making their way up the Gulf or off the coast of Kuwait.

Iran thus has a mine arsenal of the kind which is feared by the American initiative. How and where these forces, as a whole or in part, will be used is the key issue. The United States is not dealing with a rational government in Tehran but with leaders prepared to take enormous risks to hurt and embarrass "the Great Satan."

Recent history in the Middle East is marked by suicide operations that killed many Americans, such as the October 1983 car bombing in Lebanon that killed 241 sleeping marines. Countless other smaller but successful operations can be cited.

There may well be, as some experts believe, cool heads counseling prudence in Tehran. They reportedly advise restricting the Revolutionary Guards, some of whom patrol the Gulf in motor boats armed with rockets and torpedoes. They also advocate a more vigorous land campaign in northern Iraq, where last month the Iranians claimed significant victories. (These claims, like all others emanating from the two capitals, are not confirmed by independent observers.)

Iran thus has a potential arsenal of what seems a rather ponderous manner, for its venture into the Gulf, it would be well for both the administration and its congressional and other critics to concentrate on the administration's basic motivations.

Clearly, traffic through the Gulf must move unhindered by either side in the war. If the flow of oil were shut off, the industry of the majority of America's NATO allies would slow and eventually stop. This would be a most serious blow to the alliance and the Western position in the world.

Fear of the establishment of Soviet power in the Gulf is another and equally powerful motivation. Mikhail Gorbachev has been feeding phobias to the West with such success that many have forgotten that a foothold on the Gulf has been a Russian policy objective since the time of Peter the Great.

Soviet diplomacy has been busy playing both ends against the middle. Yuri Vorontsov, Moscow's first deputy foreign minister, recently visited Tehran and Baghdad. The Iranians were told that the Soviet Union had no common interests with

the United States in the Gulf or anywhere else. The Iraqis were informed that the Soviets backed their efforts to end the Gulf war.

Past experience indicates that the Soviets want the war to go on. Quite apart from their arms sales to Iraq, which provide about 70 percent of that country's weaponry, the Soviets, in the Gulf and in any other quarter of the world, have an ideological interest in turbulence and instability. Such conditions encourage the infiltration of Communist political agents and the formation of effective Communist parties seeking power.

It should be kept in mind that although risks change, national objectives do not. The Iran-Iraq war has provided the Soviet Union with yet another opportunity to splash in the waters of the Gulf. Superficially, this is almost as risky for the Soviets as it is for the United States. Soviet ships and aircraft will have no friendly bases in the region. In a pinch, the United States would, indeed, Saudi Arabia is finally showing signs of allowing its AWACS planes to operate in the airspace of the southern Gulf.

Should that agreement be formalized and should the United States obtain the use of Masrah Island off the coast of Oman for patrol planes and combat fighters, two essentials for successful air-sea operations appear fairly secure. Nevertheless, there are risks. Ayatollah Ruhollah Khomeini and his supporters would certainly leave Tehran to the mercy of American bombers if they could sink one U.S. Navy ship in the Gulf.

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Naval Power Is a Mismatch for the Iranian Challenge

AMERICAN concentration on sophisticated military defenses in the Gulf is largely irrelevant, since the Iranians do not intend to attack head-on. And their primary means of striking at America is political rather than military.

Look at U.S. military plans and the public debate over them. The tendency is to concentrate on the most sophisticated threat: the Iranians have

which is the Silkworm missile. The American mind-set ranks them in order of technical sophistication. But that is not how the Iranian mind works. They realize that to challenge America on the level of technical sophistication is to play to its strong suit. So they will go around it.

The truck bomb is one example of this approach. The sea mine appears to be the latest. Four ships — one of them Soviet, none of them American — have hit mines in the last month in the same area of the Gulf. Are the mines Iranian? No one can prove it. The Soviet tanker that hit the mine was being escorted by a modern warship dipping with electronic gear; all of it useless for defense against the Iranian choice of attack.

The Iranians have proved innovative — downright ingenious. I have no doubt that there are several rooms in Tehran right now filled with men planning the new tactic to follow the mine-laying.

Meanwhile, the U.S. military refuses to assign its best minds to contemplate unsophisticated threats. While it refuses to take "minor" or unsophisticated threats seriously because it knows it can defeat them in time, the Iranians are in effect employing guerrilla hit-and-run tactics, switching from one to the other. For them it is a question of defeating America, but of wearing it out.

Are Gunboats Needed?

THERE may be overriding geopolitical reasons for new militancy in the Gulf. From the point of view of oil supplies, however, we need not go beyond established doctrine, first proclaimed by President Carter, that the Gulf must remain open to international commercial traffic.

America's allies, who are far more dependent on Middle East oil, are apparently far less concerned about a disruption. They have publicly accepted the new policy, but none has encouraged it or is now actively supporting it. The same goes for the nonbelligerent Gulf producers, other than Kuwait. There is an acknowledged risk factor in the new Gulf policy. To take this risk for the purpose of protecting access to oil may be unwarranted as long as there is no tangible threat to its flow.

— John H. Lichtblau, president of the Petroleum Industry Research Foundation, writing in The Washington Post

Hanoi perfected this approach: a combination of attrition, psychological warfare and diplomacy. Iranian officials frequently cite the Vietnam precedent. They are fully cognizant of the possibilities of going over the heads of American leaders.

Before the Stark attack, few Americans objected to reflagging Kuwaiti tankers. Afterward the reflagging became a controversial issue. Now, after 37 deaths that Iran had nothing to do with, Americans are debating withdrawal from the Gulf.

The United States withdrew after a few hundred deaths caused by truck bombings in Lebanon. It would not attack Iran during the hostage crisis for fear of imperiling the 52 lives. In each instance, the value placed on American lives made America look hesitant. As a consequence, Iran feels it can manipulate the United States. Tehran is perfectly willing to shed more American blood to induce the American public to compel a withdrawal.

— Les Aspin, chairman of the House Armed Services Committee, in the Los Angeles Times

You Can't Just Bug Out

THE FACT is, America has agreed to reflag and escort 11 Kuwaiti tankers. To renege would destroy what remains of U.S. credibility after Beirut and Iran. Congress, as usual, is quick to cite flaws in Ronald Reagan's policy but mute as to what it would do. Reflagging may not be the greatest idea since disposable diapers, but it's what we've got. Nobody has offered an alternative except to bug out in one guise or another.

The United States did it in Vietnam. It did it in Lebanon. It did it when it tried to ransom hostages. If everything it says turns out to be a bluff, America is on its way to becoming a joke.

— Syndicated columnist Jim Fain

merging PLO representation in a Jordanian-Palestinian or joint "Arab" delegation is conceivable, with PLO consent, early in the proceedings. In fact, the more the PLO is recognized as an equal partner, the more willing it might be to forgo formal Palestinian statehood and accept some form of association with Jordan. Moscow will have considerable influence on this question — and on Syrian participation. The Soviets, more than America, have become movers.

It is hard to conceive that the White House would have the political will to take the major political risks in a new Middle East initiative. But the next president will surely be faced by this problem. Will he determine that America's vital interests demand a strong initiative, that Israel's future as a country and ally depends on defusing the demographic time bomb of its fast growing Arab subject population, that the PLO is an unavoidable party? And that Moscow has become a critical part of the Middle East equation?

The Kremlin Is a Major Player in the Middle East

By Robert G. Neumann

WASHINGTON — The Soviets have suddenly become a major player in the Middle East. They have achieved this success without firing a shot, or threatening to, and have thereby demonstrated that the issues of the region are primarily political and must be addressed by political means.

Take their approach to small and vulnerable Kuwait. To counter Iranian pressure, Kuwait has long attempted to draw in the superpowers. Asked for help, the Russians correctly identified the invitation as an opportunity for a significant but low-key expansion of their presence in the Gulf. They were aided by the negligence of the U.S. Coast Guard in letting a Kuwaiti request for American help lie unanswered for months.

Soviet activism is a fact not only in the Gulf. The Soviets have long resented America's successful efforts to prevent them from playing a prominent role in the Arab-Israeli peace process. They played into U.S. hands in the past by making themselves spokesmen of radical causes and refusing to resume diplomatic relations with Israel. In that sense, America was the only available superpower broker. But Mikhail Gorbachev spotted a major target of opportunity.

My conversations with Soviet leaders and specialists have made it clear that the Soviets well understand how

the Arab-Israeli conflict feeds recruits into terrorist activities, fans the flames of Islamic radicalism and puts into question the future of Israel. They understand that this is basically a clash between two nationalisms, Israeli and Palestinian, and that peace is conceivable only as a result of a compromise that will be fiercely denounced by some on both sides.

The Soviets are aware, as the United States seems unable to grasp, that no Arab state can negotiate such a compromise unless qualified, truly representative Palestinians accept it. These Palestinians are not found outside the PLO. No attempt by Israelis, Jordanians or Syrians to sponsor an alternative Palestinian leadership has succeeded. After all the blows it has received and inflicted on itself, the PLO remains the essential partner of any serious peace effort. Whoever attains major influence over it will have major influence on peace negotiations.

That is what Moscow has done. It chose a moment of weakness on the part of Syria's Hafez al-Assad, a Soviet ally and Yasser Arafat's most implacable foe, to strengthen Mr. Arafat by inducing the two most important splinter groups to rejoin the PLO. The Russians reined in Mr. Assad, whose

economy is in shambles and who faces opposition within the ruling Ba'ath party for being too close to Iran. With Saudi Arabia they brokered an improbable high-level Syrian-Israeli meeting, probably several meetings.

The Russians encouraged, again with Saudi help, a meeting between Morocco's King Hassan and Algeria's President Chad Bendjedid, and they have been attentive to a Saudi attempt to get the Soviet Union to cooperate tacitly with Saudi OPEC policy.

Moscow has strongly endorsed an international conference as a framework in which the Arabs hope to escape the stigma of another "separate peace" with Israel.

The United States and liberal Israelis, including Foreign Minister Shimon Peres, have also accepted the conference idea. But Americans and Israelis see a conference as a formal opening ceremony followed by bilateral negotiations without any conference at all. Russians regard a conference primarily as a means for the superpowers to drive the peace process. They decide the idea that they would simply open the umbrella, let the Americans, Israelis and Jordanians have their way, and quietly fade into the night.

The Soviets hold key levers. Sub-

An American Complaint: We've Lost Our Sway

By Richard W. Fisher

DALLAS — I was born in the 1940s at the dawn of America's global prosperity. With the Great Depression and another great war behind it, the United States emerged as the pre-eminent global power. During the next 40 years its economy propelled the world forward.

At home, it set the pace for the world in inventiveness, in creating jobs, in raising living standards. Abroad, it shaped the trading and monetary systems as master of a smooth-running, free-trading economy, custodian of a well managed currency and financier of the world.

This is the world my American generation grew up with. And this, regrettably, is the world that is no more.

We have lost our way. Our claim to inventiveness and capitalist accomplishment has been surrendered to the Japanese and others. We were once the progenitors of a world order of free trade and stable monetary order. We are now its biggest threat.

Democrats campaign for the presidency on platforms of protectionism and economic nationalism. Their Republican counterparts preside over policies that have debased the currency, destabilized global trade in money and goods and set the stage for an incipient decline in our economy and our prestige. They cannot balance the budget. They cannot even finance domestically our own government. They have led us into becoming the largest debtors in the history of mankind.

For a moment it looked as if Ronald Reagan would succeed. His personal revival our spirit. But he took a big gamble. He financed our renaissance with massive amounts of debt. Embracing untested supply-side theories, he borrowed from the future by leveraging the economy to the hilt.

Growth today, he said, would be financed tomorrow. The gamble failed. A great nation simply cannot control its destiny without control of its financial wherewithal. It cannot, for example, lean on the Japanese when it is dependent, as we are, on Japanese capital to finance its economic growth, and indeed its social welfare system and its military. It cannot ensure stability in Latin America without providing the capital and markets necessary to keep these nations from resorting to non-democratic alternatives. It cannot fulfill the dream of responsibly removing nuclear weapons from its front-line defense in Europe when it cannot pay the greater cost of bolstering conventional weaponry and manpower.

Our destiny as a nation has come to a fork in a one-way road. Unable to go back, we can go forward in either of two directions.

One route contemplates an attempt to retain our prominence as leader of the free world. It is the immediately more painful alternative, for it requires that we get our economic house in order.

It requires that we eliminate our lenders in the only way it can be done: by cutting spending and raising taxes. It means tightening our belts severely. It implies slowing growth and a temporary recession.

A self-inflicted recession would be tough on Americans. It would be brutal for Mexico and other Third World countries that depend on U.S. growth. But if we work closely with allies, we could weather the storm. In return for us taking this bitter medicine, they must take up the slack by opening their purses and their markets.

For political reasons, it is doubtful that we will take this road. The president, blind to the frightful risk he has imposed upon the nation, still believes you can sustain a trillion-dollar defense and economic growth by borrowing from others. And no candidate to replace him, Republican or Democrat, has the backbone to call for the hard measures we must take — including higher taxes and reduced social spending — if we want future generations to enjoy America's glory. They remember how easy it was for Ronald Reagan to defeat Walter Mondale with utopian economics.

This leaves the second course. It is to admit to ourselves and the world that we are no longer fit to lead. We have allowed ourselves to be overcome by the syphilis of debt and cannot bear to take the medicine. Thus we should notify our allies that we wish to relinquish our role as the fulcrum of global growth and protector of world freedom, and retreat into the status of an equal but not pre-eminent power.

In some areas, such as the defense of the North Atlantic, we would arrange to share our obligations on an equal basis with West Germany, France and Britain, and not as supreme commander. In other areas, such as the International Monetary Fund and the economic areas, we would hand the baton to Japan. In almost all world forums we would move out of the driver's seat and take a seat elsewhere on the bus.

It is impossible to estimate the degree to which acquiescence of this kind would demoralize the people of the Western world and encourage the Soviet Union. Still, telling the truth is better than living a lie. If we haven't

For Barbie, A Model Of Justice

By Flora Lewis

PARIS — According to the elaborate French procedure, the jury and the judges had to answer 341 specific questions on the guilt of Klaus Barbie. To 340 they said yes. The last question was whether there were mitigating circumstances, and that answer was no. Then sentence was pronounced: permanent imprisonment for crimes against humanity.

So the two-month trial of the 73-year-old Nazi whom the French call the "Butcher of Lyon" ended before dawn last Saturday. There is no longer a death penalty in France. Barbie had been tried for war crimes in absentia and sentenced to death, but he was hiding in Bolivia. The 20-year statute of limitations had run out on other charges that could have been made. "Crimes against humanity" was the only remaining legal charge that could be brought for his part in the Holocaust. He was given the last word before the jury retired. He denied all guilt, but added: "I fought the Resistance, which I respect, with hardness; but it was war, and the war is over."

He had refused to attend most of the trial, avoiding the terrible stories of the witnesses. He showed no sign of regret, contrition, even awareness of what the regime he served had meant. With stoic calm, breathtaking composure, he relied on the ironic argument that he was being tried illegally because he had been brought by force from his refuge in Bolivia to stand trial in France, although with the agreement of the Bolivian government.

Indeed, the norms of French justice were applied with meticulous precision, demonstrating the contrast of the rule of law and the atrocities perpetrated by the Nazi authorities when they held sway. It was an honor and a triumph for France. The trial could not bring back the dead or undo the suffering recounted, but it added a victory for the concept of government by law to the military victory that restored its existence in France.

There had been many complex fears before the trial was held. French collaborators had aided Barbie and his men, and Barbie's defense lawyer, Jacques Vergès, had given notice that he would seek to raise the whole story of shared guilt and shame. American counterintelligence had employed Barbie after the war, shielding him from prosecution and arranging his escape to South America. Massacres have occurred in other courts since 1945, and Mr. Vergès claimed that no one is pure enough to pass judgment on others for crime against humanity.

But in the end, embarrassment didn't matter. The trial was held with great dignity despite the wrenching emotions unleashed, and it served its most important mission, which was to history and to education. No cameras, radios or television are allowed in French courtrooms, although the proceedings were recorded on tape for the archives, sealed until 2007. Thus the press had the key role in fulfilling the trial's pedagogical function.

Like the jurors, most of the reporters were under 40. They found they had really not known much of what Nazism was about, what went on during the occupation and the war, how ordinary people responded to it, how ordinary people came to a world of nightmare and death. They realized that the aged survivors who came to testify had carried their horrors closed in their memories for two generations and needed to talk while they still could.

Tamar Golan, an Israeli reporter, said she was deeply moved by the response of the young people, mostly non-Jews, to the unbearable knowledge that was spread before them. She paid tribute to the French journalists "who took it as a mission to bring out the truth, to tell what had happened, to provide the perspective."

But she added, the trial had left her with a new sense of fear. It made her aware of "how simple it all was, how easy it had been to organize the machinery which took people to another planet inside a city that goes on living normally." For that reason, too, it was courageous of France to conduct the proceedings, and salutary.

The important lesson was not so much the Nazis' extraordinary evil but that it could happen with the participation of so many, the indifference of many more, that humanity has no guarantees against its vicious streaks except in its own conscience, for which each individual is responsible.

The defense had been free to raise any arguments, relevant or not. The prosecution had to prove its allegations. Finally, the weight of evidence, the weight of truth, the weight of decency won out. Barbie is right that the war is over, and the trial is over, but the effort for decency and justice must go on every day, everywhere.

The New York Times

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: That Tired Feeling

PARIS — Fatigue is the sensation of exhaustion a person feels after any intense and prolonged physical or intellectual exertion. If the muscular exertion is not excessive, the waste matter resulting from the using up of certain substances in the organism is eliminated without giving rise to the sensation of fatigue. If the strain is intense and prolonged, the elimination of the waste matter cannot be carried on fast enough. It accumulates in the system. Fever then sets in and disappears again only after sufficient repose has enabled the elimination to be effected. Equilibrium is established between the various bodily organs. If one organ works very much (the brain, for instance), and thus produces a large amount of excretorial substances, it is requisite that the other organs should work less, in order to maintain the balance and avoid poisoning the system.

1937: 'Cannot Hold Out'

LOS ANGELES — Faint SOS signals, in a voice so feeble that it was impossible to distinguish whether it was a man or a woman, were heard on July 6 by a Pacific Coast radio operator in search of Amelia Earhart and Fred Noonan. The fourth day of the dramatic hunt for the flyers was one of alternate hopes and disappointments as first one and then another radio signal, bolstered, exploded, revived and dashed again the belief that the two are still alive. An amateur operator in Oakland, California, claims he made out a message saying "Cannot hold out much longer. Drifting northward." Searchers are now sure the two landed safely at sea and have been attempting to contact the outside world by radio. The search is being pursued by the United States Navy, the Japanese Navy, merchant vessels of several nations and radio operators within a radius of thousands of miles.



OPINION

Punching Holes in the Myth Of Gangster as Businessman

By George F. Will

WASHINGTON — When the director Brian De Palma adds the ingredient of violence to his movies, his unit of measurement is not the soupçon. He favors scenes like the one in his hugely successful "The Untouchables," when Al Capone, played to reptilian perfection by Robert De Niro, hosts a black-tie dinner for his hoods. Peeved to the point of violence by an associate's be-

Where Puzo depicted the mafia as statesmen-like profit-maximizers, de Palma shows Al Capone literally bashing heads.

havior, Capone pulverizes the associate's skull with a baseball bat. It is a stomach-turning scene, but before denouncing Mr. de Palma (as I have done for gratuitous carnage in movies like "Scarface"), note that an episode very like the one depicted actually happened. Mr. de Palma's "Untouchables" is a correct and corrective depiction of squalid creatures who often have tapped a vein of unseemly American tolerance.

The tendency to ascribe virtues to gangsters resurfaced in the 1970s in Mario Puzo's "The Godfather." Mr. Puzo's mobster was a sort of statesman, a law-giver outside the law. Played in the movie by Marlon Brando, there was something almost stately about the mafioso's physical movements, as there was about the rituals by which little people petitioned him for redress of grievances. Furthermore, a recurring theme of "The Godfather" is that there is a rough congruence between business values and gangster values. Gangsters are recognizable types — profit-maximizers protecting markets and enforcing contracts.

It was in the 1920s that gangsters became some of America's first celebrities. Capone had a flair for quips ("I don't even know what street Canada is on") political philosophy ("When I sell liquor, it's called bootlegging; when my patrons serve it on silver trays on Lake Shore Drive, it's called hospitality") and even aphorisms ("You can get much further with a kind word and a gun than you can with a kind word alone"). But he was a grotesque brute and thus it is important to understand why, when he showed up at Wrigley Field, the crowd applauded.

In a brilliant stroke, Mr. de Palma opens his movie with a scene of Capone being barbered while toadying reporters eagerly gather morsels for their avid readers. Capone was a product of Prohibition, the 1919-33 ban on alcoholic beverages, but the gangster as superstar was a product of, among other things, journalism and other publicity mechanisms that

turned the 1920s into (the phrase is Fredrick Lewis Allen's) "the bullyhoo years." By now, Americans have, as it were, callouses on their minds. Americans are much more impervious than in the 1920s to manufactured hysteria. In the 1920s, the decade that produced the (to the undiscerning eye) dullest president (Coolidge) produced a steady stream of publically extravagant, National magazines had mushroomed, advertising and publicity agencies were honing their skills and, most important, radio had arrived. As Mr. Allen wrote, "The national mind had become as never before an instrument upon which a few men could play."

There was now mass production not only of goods but of ideas, facts, publicity. There was an exponential growth in the power to make people famous. There was a new fabricated thing: the celebrity.

Celebrities came from the world of sports (there has never been a decade like it: Babe Ruth, Bobby Jones, Jack Dempsey, Gene Tunney, Red Grange, Knute Rockne, the Four Horsemen), daring (Charles Lindbergh, Admiral Richard Byrd), entertainment (Rudolph Valentino, Rudy Vallee) and crime (Capone, "Legs" Diamond and others). Theories abound. Perhaps the nation's susceptibility to fads (mail-jong, crossword puzzles) and fascination with celebrities had something to do with the disaffirming aftermath of the war. Perhaps the peculiar attitudes toward gangsters had something to do with the enormous prestige and crude popularization of science, which seemed to teach that God is dead and man is degraded far below the angels.

Certainly the gangster was an urban cowboy, tapping the perennial American sympathy for the unmade outsider. As Mr. Allen wrote, part of the problem was "the sheer size and unwieldiness of the modern metropolitan community, which prevented the focusing of public opinion upon any depreciable individual citizen."

Because that last point is still pertinent, it is notable that early in Mr. de Palma's movie a little girl is killed by a gangster's bomb, and late in the movie a baby in a carriage is caught in a horrifying cross fire. Mr. de Palma's demythologizing point is that real gangsters are not (as in "The Godfather") primarily a danger to other gangsters. They are enemies of the innocent, with no claim on any kind of admiration.

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LETTERS TO THE EDITOR

'Pure Fiction' on Sorzano and the Cuban-American Lobby

Regarding the opinion column "The Contra Follies Are Still Playing in Washington" (June 27) by Flora Lewis:

Flora Lewis should have checked on the "report" she repeated in her column that José Sorzano "is said to have been named to the NSC at the insistence of former UN Ambassador Jeane Kirkpatrick," and the further implication that Mr. Sorzano was kept because Frank Carlucci, the new head of the National Security Council, "has to take care to stay out of trouble with Mrs. Kirkpatrick."

This "report" is pure fiction. I advised José Sorzano not to resign his tenured position as professor at Georgetown University to take the NSC job, where people like Flora Lewis will write such mendacious "reports" about him.

Alas, he cared as little about displeasing me as Frank Carlucci does. He resigned his position at Georgetown and has been doing a first-class job ever since at the NSC, where I am told Mr. Carlucci is very pleased with his performance.

While setting the record straight, it is worth noting that Flora Lewis is also wrong about the Cuban-American Foundation, of which Mr. Sorzano was also president before taking the NSC job.

The Cuban-American Foundation is not, as she said, "a right-wing organization of Cuban émigrés that is building a well-funded, vocal lobby reminiscent of the China lobby of the 1950s." It is a bipartisan lobby that very effectively represents the concerns of Cuban-American

on other grounds, as your correspondent usually acknowledges.

JULIAN THOMPSON, Chairman, Sotheby's International, London.

Souren Melikian replies: Auction houses and dealers compete in standard capitalist terms, each trying to get the lion's share for sale. Dealers are free to buy or reject, as are auction houses. This time the Eskenazi show won hands down.

Auctions vs. Exhibitions

Souren Melikian's article "The China Treasure Trade War" (June 13), comparing Giuseppe Eskenazi's admirable exhibition of Tang Ceramics and Works of Art with two recent auctions of Chinese art held in London, gives the misleading impression that an auctioneer can put together an auction in the same way that a dealer selects and purchases pieces for a selling exhibition.

The job of an auctioneer is to offer all kinds of works of art for sale from different consignors, providing that the property is of a certain minimum value, reasonable reserve prices can be agreed with the consignor, and an excessive number of pieces of the same type have not been entered for the same sale. The auctioneer should not select on aesthetic grounds, refusing to sell items which, although valuable, fall in his view artistically.

Critical comparison of an auction with an exhibition is valid only when the auction is of a single collection. But it is then the taste of the collector that is in question, not the abilities of the auctioneer. Auctions have to be judged

Call Sign 'Blue': The Story Of One Marine Who Cared

By Jay Sharbutt

GREAT FALLS, Virginia — The view from the road is of a two-story house, a cluster of cars owned by family members, and a weary white mailbox by the fence and a knee-level television camera strapped with gray ducting tape to the mailbox post.

A polite, soft-spoken government security man meets the visitor at the fence gate. He says that the owner of the house is not in. There has been testimony that

has read "Catch-22," he even laughs. "It's one of my favorite books," he says.

When he testifies, he praises Corporal Herrod to the skies. He says that the kid was an outstanding marine.

Word was that the marine brass was not pleased with the lieutenant's testimony, that they wanted Corporal Herrod nailed clean and hard, as proof that the marines would never condone anything like the My Lai massacre.

MEANWHILE

day, at the Iran-contra congressional hearings, about a \$13,900 security system for this particular home.

"All the TV crews came out this morning to take pictures," the security man says, nodding toward the video screen.

Ah, Blue, the visitor thinks, be advised, you still got movement to your front.

The visitor walks away, into a memory of June 1969. He is at a base called Dong Ha, for a story about the first withdrawal of American troops from Vietnam. Two scruffy marine grunts, just in from the bush, urge him to interview their platoon leader.

"Blue," that's his call sign," one kid says. "You really should do a story on him. Man definitely has his Sierra together."

High praise, from a grunt. But it turns out that Blue, still recovering from shrapnel wounds in the legs, is on R & R — rest and recreation leave.

Well, that's that, the reporter thinks. In August 1970, though, at 1st Marine Division headquarters at Da Nang, he runs into Blue at the court martial of Corporal Randall D. Herrod.

Corporal Herrod is charged with murdering 16 women and children in a hamlet south of Da Nang while leading a five-man roving night-ambush patrol. Two in the patrol were convicted of various charges, the third was acquitted, and the fourth was granted immunity for his prosecution testimony.

A young, ramrod-straight marine lieutenant with a noticeable limp is waiting to testify as a character witness for Corporal Herrod. The reporter takes down his name. He gets the impression that the officer is a tad uptight, perhaps the sort who regards the media as Distort City at best, or commie pinko geeks.

They get to talking, though. The reporter learns that the lieutenant, on his own time, and hitching flights where he could, came back from the States to testify for Corporal Herrod. The corporal once served under him in a different division, a different rifle platoon up north near the demilitarized zone.

This reminds the reporter of the two grunts at Dong Ha. "Any chance you had the call sign 'Blue'?" the reporter asks.

The lieutenant grins. Yes indeed, he says. The reporter explains what prompted the question. They talk more, the El-Tee loosens up. When asked if he

The lieutenant's court appearance is not long. Good luck, the reporter tells him as he leaves. They shake hands. The lieutenant says that he is headed home, to his pregnant wife back in Virginia.

The trial proceeds. Finally, a verdict, a surprise one: the corporal is acquitted.

Two nights later, at the marine-run Da Nang press center, the reporter gets a phone call. It is the lieutenant. He is still in Vietnam, at the transient officers' barracks, still awaiting a flight out.

"I don't think I'm high on the priority list," he says, sort of laughing.

The reporter mentions this the next day to a friend, a young marine sergeant assigned to the press center. "They're messing with him," the sergeant says angrily. "That's wrong, dead wrong."

He assigns the reporter to "souvenir" him a bottle of fine wine. Then, wine procured, the sergeant adjourns to consult a friend, an air force dispatcher at the Da Nang air base. Late that night, the sergeant wakes up the reporter. "Get your jeep, we only got an hour!"

Much bustle, much confusion ensue. But with only about 10 minutes to spare, the lieutenant, still wearing his camouflage fatigues, is signed in for a flight headed to Okinawa. He will have no real transport problems once there. He shoulders his seabag and starts limping toward the waiting C-130.

"Sir!" shouts the sergeant who wangled him the flight. The lieutenant turns around. The sergeant whips him a picture-perfect salute. He gets one in return.

The reporter starts thinking, this is not a good ending, it's too Hollywood. He calls to the lieutenant. "Wait, do you need any after-crash mints?" The lieutenant laughs. "You guys are nuts." And he goes home.

The sergeant, Dale Dye, later became a captain. He now works in the movies. He was the technical adviser on "Platoon" and played an army company commander in it. He is doing fine.

The lieutenant, the one who testified for Corporal Herrod and whose call sign was Blue, did fairly well for a while. He made it to lieutenant colonel. But matters concerning Iran, contra and such have caused him no end of trouble: there appears no prospect for relief.

He and his family live in that two-story house here, the one where government security mans the gate, screening visitors for Oliver L. North.

Los Angeles Times

Advertisement for 'The Food Lover's Guide to France' by Patricia Wells. Includes text: 'If you love food, and are headed for France, Wells' book is a must.' 'I have never read a food or restaurant critic that I have found to be so reliable, so thorough, and who makes me so damn hungry.' Robert M. Parker. From the author of the acclaimed Food Lover's Guide to Paris. Now available. The Food Lover's Guide to France to France by Patricia Wells. Patricia Wells' new book is a mouth-watering guide that leads food lovers through the gastronomic pleasures of France from North to South and East to West. Traveling over 30,000 miles on an exhilarating culinary treasure hunt, Ms Wells writes of her discoveries: great restaurants, cafes, markets, pastry and cheese shops. Chapters are arranged by province and include a description of the region, a map, best months to visit, and other details. A French-English glossary provides handy translations — and 75 authentic recipes from local chefs allow travelers to recreate French food experiences at home. Patricia Wells is restaurant critic for the International Herald Tribune and an award-winning contributor to the New York Times. Order her new book today and capture the food magic of France. 588 pages, paperback, with 150 black & white photos, 6 x 9 in (15 x 23 cm).

Advertisement for THE ISLAMIC DEVELOPMENT BANK. ANNOUNCEMENT FROM THE ISLAMIC DEVELOPMENT BANK. The Islamic Development Bank is pleased to inform all pilgrims (Hujjaj) that it has made arrangements for the purchase of 500,000 heads of sheep from SAUDI LIVESTOCK TRANSPORT AND TRADING COMPANY so as to sell these sheep, which conform to all relevant Sharia and health conditions, to pilgrims who desire to give authorization to the Islamic Development Bank to slaughter sheep on their behalf in the slaughter houses designated for the project in Muna in the framework of the Kingdom of Saudi Arabia "AL HADI AND AL ADAHI (THE SACRIFICIAL) MEAT UTILIZATION PROJECT". Under this project which will be implemented by the Islamic Development Bank in collaboration with the competent Saudi authorities, the Bank will slaughter and prepare these sheep for the benefit of poor Muslims, where the Fidyah meat will be distributed to the poor Muslims of the Holy Haram, and the surplus meat from other kinds of sacrifices will be transported by air, sea or land, whichever is more appropriate, and distributed to poor Muslims and refugees in Jordan, Pakistan, Bangladesh, Burkina Faso, Chad, Gambia, Djibouti, Senegal, Sudan, Syria, Sierra Leone, Guinea Bissau, Guinea Conakry, Lebanon, Mali, Egypt, Mauritania, Niger and Yemen Popular Democratic Republic. Payment for required sheep should be made through the branches of "AL RAJHI CO. FOR EXCHANGE AND COMMERCE" mentioned below. This project stems from the concern of the Kingdom of Saudi Arabia to take every possible measure to extend assistance to pilgrims in the performance of their religious obligations and to facilitate the pilgrims fulfillment of the Hajj rites. In view of the overcrowdedness observed at AL MOAISIM MODEL SLAUGHTERHOUSE during the Hajj season of 1403H, a factor which made it extremely difficult to ensure the full anticipated benefit, it has been decided that slaughtering at these slaughterhouses would be restricted to those who wish to authorize the assigned committee to slaughter on their behalf in the framework of the above mentioned project in order to facilitate matters for pilgrims and to achieve the desired benefit. This plan was successfully carried out during the Hajj seasons of 1404H, 1405, and 1406H. In addition, a representative of 30 or more pilgrims is entitled to attend the slaughtering on their behalf. The Government of the Kingdom of Saudi Arabia has provided the slaughterhouses assigned for the project with the most modern machines and equipment for full utilization of the meat of sheep slaughtered there. Any person wishing to authorize IDB for the slaughtering on his behalf may pay, as from the date of this advertisement, two hundred and sixty five Saudi Riyals (SR. 265.00) to AL RAJHI CO. FOR EXCHANGE AND COMMERCE. The payer will receive in return a purchase voucher duly indicating the type of sacrifice offered, whether Hadi, Fidyah, Udhiyah or Sadaqa. This amount includes the price of one sheep and part of the cost of slaughtering, skinning, cleaning, veterinary services and transport of the meat to the deserving people. For these types of sacrifice, (450,000) four hundred and fifty thousand vouchers have been prepared. Selling of these vouchers will stop once this number has been sold out. In view of last year's experience when all the vouchers had been sold out by midday of the first day of Al Adha Feast, we would like to urge all pilgrims wishing to delegate the performance of the slaughtering rite for Hadi (for Tamattu' and Qiran) as well as for Udhiyah to set out immediately to buy these vouchers before they are sold out as this is the maximum number the project can carry out this year before the sunset of the last day of Tashriq. However, after depletion of this number of vouchers, other vouchers pertaining to Fidyah (for committing a prohibition or failure to perform a duty) and Sadaqa will continue to be sold as it is permissible to continue these types only after Tashriq days. The number of these vouchers is (50,000) fifty thousand only as the whole capacity of the project for this year is (500,000) Five hundred thousand heads of sheep. The voucher shall be issued to the purchaser after particulars, regarding authorization, are filled up at any branch of AL RAJHI COMPANY FOR EXCHANGE AND COMMERCE situated in Makkah, Medina, Muna, Ararat and all other Saudi cities.

Symbol	Vol.	High	Low	Last	Chg.
Southwest	4080	74	73 1/2	74	+1/2
AT&T	3484	45	44 1/2	45	+1/2
IBM	3174	174	173 1/2	174	+1/2
AT&T	2714	174	173 1/2	174	+1/2
IBM	1474	174	173 1/2	174	+1/2
IBM	1474	174	173 1/2	174	+1/2
IBM	1474	174	173 1/2	174	+1/2
IBM	1474	174	173 1/2	174	+1/2
IBM	1474	174	173 1/2	174	+1/2
IBM	1474	174	173 1/2	174	+1/2

Category	Value
NYSE 1 p.m. volume	155,618,000
NYSE prev. close	17,400,000
NYSE volume	138,218,000
NYSE prev. close	17,400,000
NYSE volume	138,218,000
NYSE volume	138,218,000
NYSE volume	138,218,000
NYSE volume	138,218,000
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Category	High	Low	Close	Chg.
Composite	1729	1714	1715	+1/2
Industrials	1729	1714	1715	+1/2
Utilities	1729	1714	1715	+1/2
Finance	1729	1714	1715	+1/2

Monday's
NYSE
Closing

Via The Associated Press

Category	High	Low	Close	Chg.
Advanced	254.34	254.00	254.00	-0.34
Unchanged	254.34	254.00	254.00	-0.34
Total Issues	254.34	254.00	254.00	-0.34
New Issues	254.34	254.00	254.00	-0.34

Category	High	Low	Close	Chg.
Composite	421.0	420.0	420.0	-1.0
Industrials	421.0	420.0	420.0	-1.0
Utilities	421.0	420.0	420.0	-1.0
Finance	421.0	420.0	420.0	-1.0

Symbol	Vol.	High	Low	Last	Chg.
AT&T	3484	45	44 1/2	45	+1/2
IBM	3174	174	173 1/2	174	+1/2
IBM	3174	174	173 1/2	174	+1/2
IBM	3174	174	173 1/2	174	+1/2
IBM	3174	174	173 1/2	174	+1/2

Category	Close	Chg.
Bonds	97.07	-0.03
Utilities	97.07	-0.03
Industrials	97.07	-0.03

Category	Close	Prev.
Advanced	71	70
Declined	89	88
Unchanged	176	175
New Issues	15	14

Category	Buy	Sales	*Skrt
July 1	29,270	45,667	1,154
July 2	24,448	45,667	1,154
July 3	24,448	45,667	1,154
July 4	24,448	45,667	1,154
July 5	24,448	45,667	1,154
July 6	24,448	45,667	1,154
July 7	24,448	45,667	1,154

Category	Open	High	Low	Last	Chg.
Index	2443.34	2412.95	2399.53	2412	-31.34
Industrials	1028.34	1013.36	1001.73	1013	-15.01
Utilities	114.34	112.11	111.73	112	-2.23
Finance	300.73	299.53	298.71	299	-1.03
SP 500	329.73	328.53	327.71	328	-1.03

Category	High	Low	Close	Chg.
Industrials	354.81	354.00	354.00	-0.81
Utilities	354.81	354.00	354.00	-0.81
Finance	354.81	354.00	354.00	-0.81
Total Issues	354.81	354.00	354.00	-0.81

Category	Close	Prev.
Advanced	159	158
Declined	111	110
Unchanged	424	423
Total Issues	694	692

Category	High	Low	Close	Chg.
Index	342.44	339.73	341.93	+2.21

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yld.	P/E	52	High	Low	Close	Chg.
74 1/2	73 1/2	A							74	+1/2
45	44 1/2	AT&T							45	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2
174	173 1/2	IBM							174	+1/2

NYSE Slips on Profit-Taking

United Press International
NEW YORK — Prices on the New York Stock Exchange posted modest losses Monday, as investors took profits following a morning price lift from firm bond prices and a strong dollar.

Trading was quiet as some participants extended the Fourth of July holiday weekend. The Dow Jones industrial average slipped 7.17 points to 2,412.53. Losing issues outnumbered gainers by 8 to 7, and volume totaled about 186.49 million shares, up from 179.60 million on Thursday.

Traders said that in the morning stocks got support from a rising dollar and firmer bond prices while contending with resistance from sellers. When bonds and the dollar gave up some ground in the afternoon, profit-takers took hold.

The Dow was buoyed in the morning and aided in the afternoon by particular strength in one of its components — Texaco. The oil giant, which has filed for bankruptcy protection, advanced amid renewed talk of a settlement between it and Pennzoil, its adversary in a \$10.3 billion lawsuit over the acquisition by Texaco of Getty Oil.

Rising crude oil prices on the New York Mercantile Exchange kept other oil stocks firm. IBM posted a modest gain for most of the session.

Southland was the most active NYSE-listed issue, climbing 7 1/2 to 75 1/2 on news its controlling shareholders plan to take the convenience store chain private in a two-step transaction valued at \$5.1 billion.

Texaco followed, jumping 3 1/2 to 44 1/2. Pennzoil rose 2 1/2 to 79 1/2. Among other oil issues, Phillips Petroleum rose 1 1/2 to 17 1/2. Chevron

Stockholm Updates Dealing System

The Stockholm Bourse said Monday it had signed a contract with Tandem Computers AB, a unit of Tandem Computers Inc., for an automatic exchange dealing system.

The new system would be able to cope with unexpected increases in trade volume quickly and cheaply, it said. The contract is worth about 17 million kronor (\$2.65 million).

It said the Bourse has also signed a letter of intent with L.M. Ericsson for a data communication network as part of an expansion of the Bourse's information service.

Gerber Products Rose 4 to 5 1/2

The company's chief executive died Sunday of an apparent heart attack, it named a former chairman and chief executive, Carl Smith, as acting chief executive.

A. H. Robins fell 1/4 to 27 1/2. The company has accepted Rorer Group Inc.'s plan to merge the two companies. Rorer lost 1/4 to 45 1/2.

Among Technology Issues, IBM Rose 1/2 to 165 1/2

but Digital Equipment fell 1 1/2 to 165 and Cray Research dropped 1 1/2 to 101.

Among other blue chips, AT&T eased 1/4 to 45. General Motors fell 1 1/2 to 80, USX rose 1/2 to 32 1/2. Eastman Kodak fell 1 to 89 1/2 and Merck dropped 2 1/2 to 174 1/2.

Among Other Blue Chips, AT&T Eased 1/4 to 45

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DAI-ICHI KANGYO BANK NEDERLAND N.V.
Your best partner in Amsterdam
Singel 540, 1017 AZ Amsterdam

TUESDAY, JULY 7, 1987

INTERNATIONAL STOCK MARKETS

Bulls Were Still Ascendant Worldwide in 2d Quarter

By LAWRENCE J. De MARIA

NEW YORK — The world's stock markets displayed their diversity and strength again in the second quarter, as global equities built upon their stunning gains of the first three months. Pullbacks by some markets that had been surging, such as those in France, were countered by signs of renewed life in others, like those in West Germany.

Taken together, prices of the world's stocks, as computed by Morgan Stanley Capital International Perspective, rose 5.5 percent in U.S. dollar terms — in the second quarter. Few analysts had expected the 22 percent first-quarter gains to be maintained.

Still, despite some pockets of weakness, which many analysts ascribed to normal profit-taking, or the market rotation by international investors seeking currency gains, the global market in equities appears to be continuing.

Here is a summary of trends in the major markets:

NEW YORK — The United States is considered a bastion of political and economic stability — and relatively low price/earnings ratios of 17. When the dollar is stable and interest rates are moderate, foreign investors flock to American equities.

According to Morgan Stanley, stock prices in the United States rose 4.02 percent in the second quarter, fulfilling expectations of a consolidation after the 23 percent increase in the first quarter.

Fears over higher interest rates moderated as the dollar strengthened and Wall Street staged a steady rally most of June. The Dow hit a record high 2,451.05 on June 25 before easing back. It closed Monday at 2,429.53, off 7.17.

TOKYO — If trouble comes to the world's stock markets, many people expect it to start in Tokyo, where share prices have been going straight up and the average price/earnings ratio is a lofty 55.

Some experts, such as Paul Aron of Daiwa Securities Co., argue that Japan's conservative accounting methods deflate earnings and inflate P/E's. Others are not convinced and note that the Tokyo market has long been speculative.

Japanese stocks rose 6.86 percent in dollar terms in the second quarter, down from 27.1 percent in the first quarter. When measured in yen, second-quarter prices gained 7.33 percent.

But the market has been volatile. On June 22, the Tokyo Stock Exchange's 225-share Nikkei index plunged more than 600 points, comparable to about a 60-point drop on the Dow. On Friday, the Nikkei closed at 24,465.48.

Lawrence A. Kudlow, chief economist at Bear, Stearns & Company, said the Japanese stock market "is within 10 percent of a major top" and economic uncertainty makes it a poor bet.

LONDON — The London Stock Exchange, buoyed toward the quarter's end by the re-election of Margaret Thatcher's strongly pro-business Conservative Party government, rose 15.90 percent in the second quarter. In the first three months of the year, British stocks surged 22 percent. In pounds, the new gain was 15.19 percent.

Leon Brand of Merrill Lynch & Co. thinks that London will join Tokyo in trading in a narrow range. But Carl Adams, an analyst at Carl Marks & Co., a firm specializing in foreign markets, is bullish on British equities. "The fundamentals in the U.K. haven't looked this good in decades," he said.

However, with price/earnings ratios relatively high 20, some analysts are concerned the market may experience a rude shock.

PARIS — Stock prices on the Paris Bourse fell 11.15 percent in dollar terms in the second quarter and 9.99 percent when figured in francs — the worst performance among the major stock markets.

But many analysts are bullish about French equities, where the See STOCKS, Page 13

Currency Rates

Table with columns for Currency Rates, Gold, and other financial data. Includes sub-sections for Cross Rates, Other Dollar Values, and Key Money Rates.

Southland Will Sell Assets

7-Eleven, Cigo To Remain After Family's Buyout

United Press International

DALLAS — The founding family of Southland Corp. said Monday that it would sell a large portion of the company's assets to finance a proposed \$5.1 billion leveraged buyout.

The buyout would keep the 7-Eleven convenience store chain.

Among the subsidiaries on the market will be Southland Dairies, one of the nation's three largest dairy processors; Chief Auto Parts, and Reddy Ice, the world's largest manufacturer of crushed ice.

Southland will retain its 50 percent share in Cigo Petroleum Corp., which it owns with Venezuela's national oil company.

With 3,556 outlets offering gasoline, Southland is the largest independent gasoline retailer in the United States.

Proceeds from the asset sales will help finance the two-stage proposed buyout, which began Monday with a \$77-a-share tender offer for about two-thirds of the company's common stock and all of a convertible preferred.

In a leveraged buyout, a group, usually management, borrows money to acquire a company and repays the loans with earnings of the company or sale of its assets.

Disposal of the assets also would allow Southland to concentrate on 7-Eleven, said Jerry W. Thompson, Southland's president and one of three sons of its founder.

"We want very much to sell all those operations in an orderly fashion as ongoing, profitable businesses," Mr. Thompson said.

Southland said it would retain its convenience operations, which include See SOUTHLAND, Page 11.

'Androsch Case' Rivets Austria — Again
More Charges Expected Against Chairman of Nation's Biggest Bank

By Ferdinand Prottzman

International Herald Tribune

The Viennese know it simply as "the Androsch case," and it has been grist for the city's scandal-hungry tabloid newspapers since 1978, when Kurt Waldheim was still the respected head of the United Nations and the rest of the world thought the sweetness in Austrian wines actually came from grapes.

But while other scandals have come and gone, the controversy centering around Hannes Androsch, managing board chairman of Austria's largest bank, Creditanstalt-Bankverein AG, has refused to die, and is back on the front pages again.

Last week, Austria's justice minister, Egmont Foregger, gave prosecutors the go-ahead to charge Mr. Androsch, 49, with lying in 1980 and 1981 to a parliamentary committee investigating purported kickbacks from the financing and construction of the Vienna General Hospital in the late 1970s.

On Friday, Creditanstalt's supervisory board voted not to suspend Mr. Androsch as chief executive. Then, members of the Austrian Socialist Party, of which Mr. Androsch is a member, and the conservative Austrian People's Party, which shares power with the Socialists, have been engaging in a donnybrook of innuendo and allegation.

Members of both parties agree Creditanstalt has prospered under Mr. Androsch, but critics wonder whether he can devote his full attention to the bank.

Alois Moch, vice-chancellor and head of the People's Party, said the board's vote paid more attention to political considerations than to the needs of the bank.

Michael Greff, secretary general of the party, called the vote "public cowardliness" and said the board's members — the majority of whom are Socialist —

had given "a poor service" to the bank.

Mr. Androsch denies any wrongdoing, as he has since the first allegations were raised in 1978. Herbert Schachter, his lawyer, said Monday in a telephone

He was a relatively unknown tax advisor when Mr. Kreisky made him finance minister in 1970 at age 32.

But Mr. Androsch's precociousness, coupled with a bold, high-profile style and suave self-

A parliamentary committee was formed before it in 1980 and 1981. Judicial officials have been investigating that testimony since 1986, and pressed the government to approve filing of new charges based on "hardened" evidence of tax evasion, sources said.

Mr. Schachter said the committee did not question Mr. Androsch about his personal finances, and he was not properly instructed that he could also abstain from testifying.

In 1984, the Austrian financial authorities began an investigation into possible tax evasion by Mr. Androsch, which led to charges of tax evasion later that year. Those charges are still pending.

Mr. Androsch says the money for the house came from his father-in-law and bank loans. He denies that he evaded taxes or in effect purchased tax breaks through a legal loophole. He also insists that he was not involved in any kickback scheme.

Despite the clamor, Mr. Androsch has proceeded in his usual style at Creditanstalt. One of the few areas of his life that almost no one questions is his stewardship of the bank, which is 60 percent owned by the state. Nearly all observers, regardless of political persuasion, call his tenure to date an unqualified success.

Under Mr. Androsch, the bank has expanded abroad, with the opening of an office last week in Prague the latest step in its globalization.

So far, bankers say, Mr. Androsch has managed not to let the scandal affect his performance on the job.

"He has done a good job, and continues to ably run the bank," said a banker at a smaller Viennese bank. "Things don't seem to affect him as they would some people. It is an odd tribute to his skills and intelligence."



Both political parties agree the bank has prospered under Hannes Androsch, but critics wonder whether he can continue to give it his full attention.

interview that while no new charges had yet been filed, "we certainly expect them soon."

"This has absolutely nothing to do with the law of the land," Mr. Schachter said. "It is politics and the long arm of Mr. Androsch's opponents reaching into the justice system."

The expected charges are the latest episode in the career of a man who once seemed almost certain to become Austria's chancellor.

When allegations surfaced that Mr. Androsch had financed the purchase of a 10 million schilling (\$780,000) villa in the posh Vienna suburb of Neusift am Walde with money from an alleged kickback scheme at the hospital, he was the underdog of the Socialist Party, serving both as vice-chancellor and finance minister under Bruno Kreisky. He was widely viewed as Mr. Kreisky's likely successor.

Financial acumen and Mr. Kreisky's patronage were the keys to Mr. Androsch's rapid rise

assurance, graced on the political opposition and alienated some Socialists.

"They disliked his arrogance," said one source in the Viennese financial community.

"He was correctly seen as the most likely successor to Mr. Kreisky," Mr. Schachter said. "And some people from the opposition decided to knock him down."

What followed were rumors that culminated in formal charges by Viennese prosecutors in 1980 that Mr. Androsch had gained personally from the construction of the hospital, that he had used some of that money to buy his house, and that he had evaded taxes. Proceedings were dropped and the charges were not proved.

Mr. Androsch joined Creditanstalt the same year. The bank's 6,000 employees appealed to Mr. Kreisky to name someone else, and politicians claimed the job was handed to Mr. Androsch to appease him for the loss of his crown-prince status.

U.S. Minority-Owned Firms Face Prejudice, but Also Growing Opportunity

By Claudia H. Deutsch

New York Times Service

NEW YORK — Cuban-born José Arriola is angry. It seems as though every time he turns around, he hears of another major corporation that wants to do more business with minority-owned companies.

Or of another conference aimed at bringing minority businessmen together with purchasing agents.

Like most businessmen, Mr. Arriola, the 40-year-old owner of Avanti Press Inc., a printer in Miami, would like to see his 15-year-old company grow. So he calls those big corporations, and goes to those conferences.

What he finds, he says, is a willingness to parcel out "crumbs" — orders for internal brochures, for little posters, for jobs that are appropriate for a company starting out. But, he says, when he tries to talk about orders large enough for a \$35 million company like Avanti, he is cold-shouldered.

"If I were a WASP, this would be a \$100 million company," he said.

"They won't give a meaningful order to a Hispanic firm."

Charges like that reverberate throughout the minority business community.

Ever since 1978, when Congress mandated that any company doing business with the government must also do business with minorities, minority-owned companies have received a helping hand from the Small Business Administration and from corporate America in the form of small trial orders, seminars on basic business topics, low-cost loans and the like. This help has enabled many companies to grow from tiny, financially precarious firms into stable companies.

But the minority businessmen say that corporate buyers who give other small businesses a chance at big contracts confine minority-owned businesses to small, "safe" orders, no matter what their records for quality and delivery.

Most major companies have someone responsible for helping minority suppliers get into the procurement pipeline. And minority suppliers publicly pay accolades to

Fortune 500 companies such as Xerox, Polaroid, General Motors, RJR-Nabisco, Ford, Philip Morris and a handful of others, that have helped them when they needed it.

Others accepted more orders than they could fill, and many buyers developed a once-borned, twice-shy attitude toward minority business that today's minority suppliers cannot overcome.

"Many buyers see I am small, and they are afraid I will not fulfill my commitments either," said Makonnen Assefa, the black owner of North American Supply Co., a four-year-old distributor of janitorial supplies in Hartford, Connecticut. The company had sales of \$600,000 last year but has not yet made a profit.

And Alphonso Whitfield Jr., president of the National Minority Supplier Development Council Inc., a consortium of major corporations that buy from minority companies, said, "All other things being equal, the minority entrepreneur is still prejudged that he can't perform the minute he walks through the door."

The overall result is that many minority businessmen keep going, but find that growth is elusive.

Examples are easy to come by. Six years ago, Frederick L. Black-

mon, a black New Yorker, left a job in corporate sales with Trans World Airlines to start Classic Travel Consultants, which arranges corporate travel. Classic Travel has revenue of about \$12 million a year. Mr. Blackmon says he believes that, were he white, it would have five times that amount.

He says that a white colleague See MINORITY, Page 11

Big corporations 'won't give a meaningful order to a Hispanic firm.'

— José Arriola, Owner of Avanti Press Inc.

Peru to Further Restrict Payments on Its Debt

United Press International

LIMA — President Alan García Pérez said today that Peru has exceeded a self-imposed ceiling on paying its \$14.7 billion foreign debt and will become more severe and strict about payment to creditors.

In a televised speech Sunday, Mr. García said Peru had gone over a two-year-old limit of allotting 10 percent of export income for servicing the foreign debt.

He said the cost of servicing the debt had reached between 17 percent and 18 percent of export income, including payment of goods to the Soviet Union and other nations in lieu of hard currency.

Monitoring of the 10 percent limit on debt servicing "has to be more severe and strict," he said.

He did not define how Peru would further limit payments.

Peru, Latin America's sixth-largest debtor, has strained relations with its estimated 280 creditor banks, the World Bank and the International Monetary Fund because of more than \$4 billion in debt in arrears.

The World Bank halted new disbursements to Peru on May 5, 10 months after the IMF declared Peru "indigible" to receive new loans.

Mr. García, 38, a Social Democrat, imposed the 10 percent limit the day he took office in 1985, declaring that servicing of the debt was impeding development.

On Sunday, Mr. García also lowered bank interest rates on loans and raised by 35 percent the minimum wage earned by about 1 million of Peru's 7 million workers. He ordered gasoline prices increased by 25 percent and raised taxes on luxury goods and services.

cal mass needed for a \$1.95 billion loan from creditor banks and has won the release of \$1,040 billion from the IMF, Reuters reported from Buenos Aires, quoting an Economy Ministry spokesman.

Jorge Elorza, the spokesman, said the agreement for the release of the IMF funds was reached in talks last week between Economy Minister Juan Sourrouille and IMF officials in Washington.

Mr. Elorza said details of an agreement reformulating targets for Argentina's standby program would be released on Tuesday.

Economy Ministry sources said Argentina avoided having to ask for a waiver despite problems in meeting targets on its fiscal deficit and monetary expansion in the first quarter of the plan.

Argentina in January reached agreement with the IMF for a \$1.35 billion standby loan plus a \$500 million disbursement to compensate for falling exports.

Sources said the compensation for falling exports had been increased but they could not confirm a newspaper report that it was up to \$670 million.

Settlement Talk Boosts Shares of Pennzoil, Texaco

Reuters

NEW YORK — Stocks of Pennzoil Co. and Texaco Inc. rose Monday amid speculation that they might be moving toward a settlement of their \$10.3 billion legal dispute over the purchase of Getty Oil Co.

The speculation stems from a published report July 3 that the judge overseeing Texaco's bankruptcy protection proceedings would approve the retention of investment bankers for Texaco and its two creditors committees, analysts said.

Texaco closed \$3.30 higher at \$44.75 and Pennzoil rose \$2.75 to \$79.25 on the New York Stock Exchange.

But industry sources said the speculation might be unwarranted, as the judge was merely recognizing bankers Texaco had retained prior to its bankruptcy action. They also said settlement talks were unlikely until the Securities and Exchange Commission submitted its planned brief to the Texas Supreme Court, urging the state to hear an appeal by Texaco.

Interest Rates

Table with columns for Interest Rates, Gold, and other financial data. Includes sub-sections for Eurocurrency Deposits, Key Money Rates, and Asian Dollar Deposits.

Gold

Table with columns for Gold prices in various locations and currencies.

More business leaders fly ALG than any other custom air service in Europe. Includes logo for ALG and contact information for Geneva and Paris offices.

THE AUDEMARS PIGUET PERPETUAL CALENDAR. NOTHING CAN EQUAL THE ORIGINAL. THE ORIGINAL. Includes image of the watch and contact information for Audemars Piguet.

ARGENTINE REPUBLIC EXTERNAL U.S. \$ BONDS AND BONOS NOMINATIVOS THE WESTON GROUP. Includes contact information for Weston Group.

Monday's NYSE Closing

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
12.00	11.00	IBM	3.00	2.4%	15.0	120.00	110.00	115.00	+0.50
10.00	9.00	AT&T	2.00	2.0%	15.0	100.00	90.00	95.00	+0.25
8.00	7.00	GE	1.00	2.5%	15.0	80.00	70.00	75.00	+0.10

(Continued)

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
6.00	5.00	Merck	0.50	0.8%	15.0	60.00	50.00	55.00	+0.15
5.00	4.00	Johnson & Johnson	0.40	0.8%	15.0	50.00	40.00	45.00	+0.10
4.00	3.00	Pfizer	0.30	0.7%	15.0	40.00	30.00	35.00	+0.05

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
3.00	2.00	Amgen	0.20	0.6%	15.0	30.00	20.00	25.00	+0.08
2.00	1.00	Novartis	0.15	0.5%	15.0	20.00	10.00	15.00	+0.05
1.00	0.50	Roche	0.10	0.4%	15.0	10.00	0.50	8.00	+0.02

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.50	0.20	Amgen	0.05	0.1%	15.0	5.00	2.00	4.00	+0.01
0.40	0.15	Novartis	0.04	0.1%	15.0	4.00	1.50	3.00	+0.01
0.30	0.10	Roche	0.03	0.1%	15.0	3.00	1.00	2.00	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.20	0.08	Amgen	0.02	0.0%	15.0	2.00	0.80	1.50	+0.01
0.15	0.06	Novartis	0.015	0.0%	15.0	1.50	0.60	1.10	+0.01
0.10	0.04	Roche	0.01	0.0%	15.0	1.00	0.40	0.80	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.08	0.03	Amgen	0.01	0.0%	15.0	0.80	0.30	0.60	+0.01
0.06	0.02	Novartis	0.008	0.0%	15.0	0.60	0.25	0.50	+0.01
0.04	0.01	Roche	0.005	0.0%	15.0	0.40	0.15	0.35	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.03	0.01	Amgen	0.005	0.0%	15.0	0.30	0.10	0.25	+0.01
0.02	0.005	Novartis	0.003	0.0%	15.0	0.20	0.08	0.18	+0.01
0.01	0.002	Roche	0.002	0.0%	15.0	0.10	0.04	0.09	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.01	0.002	Amgen	0.001	0.0%	15.0	0.10	0.03	0.07	+0.01
0.005	0.001	Novartis	0.001	0.0%	15.0	0.08	0.03	0.06	+0.01
0.002	0.0005	Roche	0.0005	0.0%	15.0	0.04	0.01	0.03	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.005	0.001	Amgen	0.0005	0.0%	15.0	0.05	0.02	0.04	+0.01
0.002	0.0005	Novartis	0.0002	0.0%	15.0	0.03	0.01	0.02	+0.01
0.001	0.0002	Roche	0.0001	0.0%	15.0	0.02	0.005	0.01	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.001	0.0002	Amgen	0.0001	0.0%	15.0	0.01	0.005	0.01	+0.01
0.0005	0.0001	Novartis	0.0001	0.0%	15.0	0.005	0.002	0.005	+0.01
0.0002	0.00005	Roche	0.00005	0.0%	15.0	0.002	0.0005	0.001	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.0005	0.0001	Amgen	0.00005	0.0%	15.0	0.005	0.001	0.002	+0.01
0.0002	0.00005	Novartis	0.00002	0.0%	15.0	0.002	0.0005	0.0005	+0.01
0.0001	0.00002	Roche	0.00001	0.0%	15.0	0.001	0.0002	0.0002	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.0001	0.00002	Amgen	0.00001	0.0%	15.0	0.001	0.0001	0.0001	+0.01
0.00005	0.00001	Novartis	0.00001	0.0%	15.0	0.0005	0.0001	0.0001	+0.01
0.00002	0.000005	Roche	0.000005	0.0%	15.0	0.0002	0.00005	0.00005	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.00005	0.00001	Amgen	0.000005	0.0%	15.0	0.0001	0.00001	0.00001	+0.01
0.00002	0.000005	Novartis	0.000002	0.0%	15.0	0.00005	0.00001	0.00001	+0.01
0.00001	0.000002	Roche	0.000001	0.0%	15.0	0.00002	0.000005	0.000005	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.00001	0.000002	Amgen	0.0000005	0.0%	15.0	0.00001	0.000001	0.000001	+0.01
0.000005	0.000001	Novartis	0.0000002	0.0%	15.0	0.000005	0.000001	0.000001	+0.01
0.000002	0.0000005	Roche	0.0000001	0.0%	15.0	0.000002	0.0000005	0.0000005	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
1.00	0.80	Amgen	0.10	1.0%	15.0	10.00	8.00	9.00	+0.10
0.80	0.60	Novartis	0.08	0.8%	15.0	8.00	6.00	7.00	+0.08
0.60	0.40	Roche	0.06	0.6%	15.0	6.00	4.00	5.00	+0.06

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.40	0.30	Amgen	0.04	0.4%	15.0	4.00	3.00	3.50	+0.04
0.30	0.20	Novartis	0.03	0.3%	15.0	3.00	2.00	2.50	+0.03
0.20	0.10	Roche	0.02	0.2%	15.0	2.00	1.00	1.50	+0.02

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.20	0.15	Amgen	0.02	0.2%	15.0	2.00	1.50	1.80	+0.02
0.15	0.10	Novartis	0.015	0.15%	15.0	1.50	1.00	1.20	+0.015
0.10	0.05	Roche	0.01	0.1%	15.0	1.00	0.50	0.70	+0.01

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.15	0.10	Amgen	0.015	0.15%	15.0	1.50	1.00	1.20	+0.015
0.10	0.07	Novartis	0.01	0.1%	15.0	1.00	0.70	0.80	+0.01
0.07	0.04	Roche	0.007	0.07%	15.0	0.70	0.40	0.50	+0.007

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.10	0.07	Amgen	0.01	0.1%	15.0	1.00	0.70	0.80	+0.01
0.07	0.05	Novartis	0.007	0.07%	15.0	0.70	0.50	0.60	+0.007
0.05	0.03	Roche	0.005	0.05%	15.0	0.50	0.30	0.40	+0.005

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.07	0.05	Amgen	0.007	0.07%	15.0	0.70	0.50	0.60	+0.007
0.05	0.03	Novartis	0.005	0.05%	15.0	0.50	0.30	0.40	+0.005
0.03	0.02	Roche	0.003	0.03%	15.0	0.30	0.20	0.25	+0.003

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.05	0.03	Amgen	0.005	0.05%	15.0	0.50	0.30	0.40	+0.005
0.03	0.02	Novartis	0.003	0.03%	15.0	0.30	0.20	0.25	+0.003
0.02	0.01	Roche	0.002	0.02%	15.0	0.20	0.10	0.15	+0.002

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.03	0.02	Amgen	0.003	0.03%	15.0	0.30	0.20	0.25	+0.003
0.02	0.01	Novartis	0.002	0.02%	15.0	0.20	0.10	0.15	+0.002
0.01	0.005	Roche	0.001	0.01%	15.0	0.10	0.05	0.07	+0.001

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.02	0.01	Amgen	0.002	0.02%	15.0	0.20	0.10	0.15	+0.002
0.01	0.005	Novartis	0.001	0.01%	15.0	0.10	0.05	0.07	+0.001
0.005	0.002	Roche	0.0005	0.005%	15.0	0.05	0.02	0.03	+0.0005

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.01	0.005	Amgen	0.001	0.01%	15.0	0.10	0.05	0.07	+0.001
0.005	0.002	Novartis	0.0005	0.005%	15.0	0.05	0.02	0.03	+0.0005
0.002	0.001	Roche	0.0002	0.002%	15.0	0.02	0.01	0.015	+0.0002

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.005	0.002	Amgen	0.0005	0.005%	15.0	0.05	0.02	0.03	+0.0005
0.002	0.001	Novartis	0.0002	0.002%	15.0	0.02	0.01	0.015	+0.0002
0.001	0.0005	Roche	0.0001	0.001%	15.0	0.01	0.005	0.007	+0.0001

12 Month High	Low	Stock	Div.	Yld.	PE	52 Week High	Low	Close	Chg.
0.002	0.001	Amgen	0.0002	0.002%	15.0	0.02	0.01	0.015	+0.0002
0.001	0.0005	Novartis	0.0001	0.001%	15.0	0.01	0.005	0.007	+0.0001
0.0005	0.0002	Roche	0.00005	0.0005%	15.0	0.005	0.002	0.003	+0

BUSINESS ROUNDUP

Safety Agency Fines Chrysler \$1.5 Million

WASHINGTON — The Labor Department on Monday fined Chrysler Corp. more than \$1.5 million for 811 alleged health and safety violations at its Newark, Delaware, automobile plant.

Chrysler said it agreed to pay the fine, but officials in the Occupational Safety and Health Administration said Chrysler had not admitted to breaking the law.

GM Will Check Reports Of Mileage Tampering

PONTIAC, Michigan — General Motors Corp. said Monday it would investigate reports that some workers replaced or tampered with odometers to conceal excess mileage run up by managers on test drives.

Gilbert House Property Group To Buy Singer & Friedlander

LONDON — Gilbert House Investments PLC said Monday that it had agreed to pay \$143 million (\$231 million) for Singer & Friedlander Holdings Ltd., a merchant bank.

Krupp Group Net Up 1.6%

ESSEN, West Germany — Fried. Krupp GmbH, the giant engineering, steel, shipping and trading group, said Monday that world group net profit rose just 1.6 percent to 126 million Deutsche marks (\$68.85 million) last year, from 124 million in 1985.

SOUTHLAND: Sale of Assets

(Continued from first finance page) Southland soared on the New York Exchange as the most active stock Monday after trading was resumed following a 45-minute suspension on the opening.

Northrop Wavers in High Flight

Troubled Bomber, Missile Contracts Under Investigation

By Richard W. Stevenson New York Times Service LOS ANGELES — Northrop Corp. has been thriving for several years, winning some of the most prestigious and lucrative military contracts by combining top technology with a reputation for quality work.



Thomas V. Jones

Northrop acknowledged "management lapses and errors in judgment" at its electronics division, where the guidance system for the MX is made.

A federal grand jury, two congressional committees and the air force have been investigating the company's MX contract; employees charged that parts were improperly tested and that Northrop was buying parts outside approved procurement channels.

The program has been plagued by delays, and the Pentagon has withheld \$85 million payments until the logjam is cleared.

The company replaced the general manager and senior financial officer in the electronics division and named executives of higher rank to take their place.

There is, at the same time, financial pressure on Northrop from the Stealth bomber project, by far its largest and one of the most ambitious ever undertaken by the U.S. Air Force.

The company replaced the general manager and senior financial officer in the electronics division and named executives of higher rank to take their place.

A portion of the guidance system contract has been awarded to Rockwell International Corp.

There is, at the same time, financial pressure on Northrop from the Stealth bomber project, by far its largest and one of the most ambitious ever undertaken by the U.S. Air Force.

The company has said that it will report a second-quarter loss because of higher-than-expected costs on the bomber.

COMPANY NOTES

An Prietemps SA will increase its capital to 635 million French francs (\$103.7 million) from 529 million and will issue a 508-million-franc stock option bond on July 30.

Berliner Handels- und Frankfurter Bank said parent bank operating profit, including trading on the bank's own account, in the first five months of this year was above the level for five twelfths of 1986, but gave no details.

Freeport-McMoran Inc. has proposed to float its South Pacific gold and diamond interests in a new company, Freeport-McMoran Australia Ltd.

General Electric Co. will pay Taiwan Power Co. \$75 million for parts replacements after a fire caused by a defective nuclear generator it designed.

Joy Technologies Inc. has signed an agreement to sell its compressor business, L.C. Group Inc., to Cooper Industries Inc. for \$140 million in cash.

Klöckner-Humboldt-Deutz expects to break even in 1987 after net profits fell last year and operating results plunged into the red, the managing board chairman, Bodo Liebe, said at the annual meeting.

Mitsubishi Corp. plans to buy 80 percent of Midcoast Cooperative Meat Society Ltd. of Australia this month to slaughter cattle raised on a Mitsubishi-owned ranch in New South Wales.

Next PLC has reached agreement to buy a 50 percent interest in WVO (Netherlands) BV, a Dutch clothing company with subsidiaries in Belgium. Next will pay \$4.5 million (\$7.25 million).

North American Systems Inc., the privately held manufacturer of the Mr. Coffee automatic coffee maker, has agreed to be acquired in a leveraged buyout through a partnership formed by McKinley All-sopp Inc.

Pargess Brunnels Lambert announced the merger of two of its French subsidiaries, Parfinance

ADVERTISEMENT

CASIO COMPUTER CO., LTD. (CDB) Referring to the advertisement of 6th March 1987 in this paper the undersigned announces that the original share issue of 5% free distribution has been received.

Who's importing what in the U.S.A. today? You don't have to guess anymore. PIERS (Port Import/Export Reporting Service) can supply you with the facts rapidly and accurately.

Legal Ads: Still Debated, but the Dire Forecasts Were Wrong

NEW YORK — When the U.S. Supreme Court ruled a decade ago that the First Amendment protects certain advertisements by lawyers, three dissenting justices said the decision would effect profound changes in the practice of law.

Last year, about \$47 million was spent for television spot advertisements for services such as wills and divorces, according to the Television Bureau of Advertising.

Despite the protection afforded by Bates and increasing use of legal advertising, the ABA study indicated that 76 percent of the lawyers do not use direct marketing and advertising.

Other opponents point to the more unseemly ads, such as the television commercial of a Wisconsin lawyer who promised the client a 10-speed bicycle if he failed to get an acquittal for drunken driving.

On the other hand, several prominent law firms in New York, most of which refuse to market themselves through television or newspapers, regularly employ public relations firms and also produce newsletters for clients and potential clients.

MINORITY: Prejudice, Opportunity for Black, Hispanic-Owned Businesses

(Continued from first finance page) left TWA when he did to start a similar business and immediately landed large accounts that Mr. Blackmon could not get near.

The 100th largest black business, for example, was Watiker & Son Inc., a \$16.5 million construction company.

What might seem a small order for us is a very large order for a minority company," he said.

But minority businessmen say the program has become a mixed blessing. In 1980 Congress decreed that no company could participate in the program for more than five years, with at most a two-year extension.

There are rumblings throughout the minority business community about a resurgence of prejudice.

Just 15 years ago, you could make it onto the list of the 100 largest black businesses with just \$750,000 in sales," he said.

Minority businessmen also are skeptical about a recently enacted law that, on the surface, would bring a huge increase in orders.

General Motors Corp. had more than \$1 billion of business with minority suppliers in 1986, and John W. Haines, GM's director of minority supplier development, said the company will have less trouble meeting its internal goal of \$2.5 billion in annual orders to minority suppliers by 1990 than might smaller corporations.

As in the past, the biggest are largely car dealerships and such mainstream consumer companies as Bacardi Imports Inc., the rum maker, and Johnson Publishing Co., publisher of Ebony magazine.

But more encouraging to minority businessmen is the inclusion on the lists of a growing number of suppliers, contractors and other companies that sell to businesses.

It will take at least a year before

The Quarterly Report as of 31st March 1987 has been published and may be obtained from: Pierson, Holding & Pierson N.V. Herengracht 214, 1016 BS Amsterdam

Export Sales Spain/Latin America International consumer goods company with European offices in Switzerland wishes to appoint a market Development Manager for its Latin American region.

Share the wealth. An advertisement featuring a bottle of cognac and a glass, with the text 'Share the wealth.' and a coupon for a free copy of 'International and Personal Banking in Luxembourg'.

Have all the advantages of a bank account in LUXEMBOURG, without actually being there. To discover the advantages of banking in Luxembourg with BCC, all you have to do is to simply mail the attached coupon.

CURRENCY MARKETS

Dollar Slips, Except Against Yen

Compiled by Our Staff From Dispatches
NEW YORK — The dollar strengthened Monday against the Japanese yen, but lost earlier European gains to close lower against other major currencies in quiet trading.

Table with 2 columns: Currency, Rate. Includes London Dollar Rates for various currencies like Deutsche mark, Japanese yen, Swiss franc, French franc.

"The dollar is rising against the yen, going nowhere against the mark and falling against sterling," said James Vick of Manufacturers Hanover Corp.
"We are continuing to see interest in buying dollars by Japanese investors," Mr. Vick said.

orders, dealers said, pushing the dollar lower on the day.
The dollar closed off its European highs, after rising half a percent and nearly one year to 1.8445 Deutsche marks and 149.50 yen. The yen rate was the highest since late March.

FARM: Anti-Subsidy Plan

(Continued from Page 1)
modity prices would rise, making the adjustment easier to bear for all.
According to U.S. officials, the United States exports \$30 billion a year and the EC at least \$40 billion a year on farm subsidy programs under its Common Agricultural Policy.

STOCKS: Global Bullish Trend in Shares Was Tempered in 2d Quarter

(Continued from first finance page)
average price/earnings ratio is 19.
The composite CAC index of the French Stockbrokers Association began the year at 397 and rose to a peak of 456 in early May. Since then it has slid, partly reflecting the economy's general sluggishness, and ended Monday at 407.4.

Canadian stocks had a price/earnings ratio of 21.
Mr. DeSantis likes Canadian oil companies. "The oil price stability has helped," he said. "On a long-term basis, they are solid companies."

HONG KONG — The Hong Kong stock market picked up in the second quarter when it left off in the first. It surged 17.79 percent in U.S. dollars, after gaining 13 percent previously. In local currency, the new gain was 17.96 percent.

Spain's stock market could be ready to climb, especially if commodity prices rise. In the second quarter it rose 8.53 percent (6.39 percent in Australian dollars).
"The general outlook seems almost as good as one could ask for," said Mr. DeSantis at Carl Marks.

Calm Summer Seen for U.S. Interest Rates

By Kenneth N. Gilpin
NEW YORK — The calm that descended on the credit markets a few weeks ago could continue well into the summer, analysts and traders say, setting the stage for steady to modest declines in interest rates.
Since the middle of June, yields on the Treasury's closely watched 8 1/2 percent 30-year bonds have moved in a very narrow range, and they settled on Thursday, at the end of a holiday-shortened week, at 8.40 percent.

could see yields on the long bond drop into the 8 1/4 percent-to-8 1/2 percent range.
Recent softness in the federal funds rate, the rate on overnight loans of reserves among U.S. banks, and slow growth in broad monetary aggregates have also helped to improve the market's mood.

Mr. Lyne said that virtually all U.S. farm subsidy and price-support programs would be affected.
He said that some farm groups, including the American Farm Bureau Federation, already supported the concept and that the plan was in the long-term best interest of American farmers.

French stock analysts said the government's privatization program has apparently not dimmed stock prices. Indeed, this campaign of "popular capitalism" has supported stock prices by attracting 3 million new shareholders.
FRANKFURT — Frankfurt's stock exchange gained a modest 3.16 percent in dollar terms in the second quarter or 4.34 percent in marks. In the first quarter, it lost 13.18 percent.

But Frankfurt has been stirring, and analysts note that the price/earnings ratio of 12 makes German stocks a bargain.
"We like the Germans; it's one of the cheapest, high-quality, well-managed corporate sectors in the world," said Orest Pkladok, a Carl Marks analyst.

TORONTO — The Canadian stock market basically took the second quarter off, after a 27 percent first-quarter surge. In the same U.S. dollar terms, it fell 0.61 percent in the second period; in Canadian dollars the gain was 1.07 percent.

OTHER MARKETS — Australia's stock market could be ready to climb, especially if commodity prices rise. In the second quarter it rose 8.53 percent (6.39 percent in Australian dollars).

Foreign Banks Seek New Role in Korea

Seoul. "As a foreign banker, of course, I would be much happier without the restrictions."
The government demands that all banks in South Korea help fund smaller firms as well as big corporations. Most foreign banks said this is not their business. Big U.S. banks, in particular, want to provide global financing services that Korean banks cannot yet offer.

SEoul — South Korea's rapid progress in repaying its foreign debt has sent the 70 major foreign banks in the country searching for a new role in the rapidly expanding economy, senior bankers say.
Earlier this decade, South Korea was a regular borrower from international bank syndicates. But the government is expected to be able to cut almost \$5 billion from the country's foreign debt this year, bringing it well below \$40 billion.

London Docks Plan Thrown in Doubt
LONDON — Two backers have pulled out of a \$2 billion (£4.8 billion) project to build one of the world's largest office developments in London's dockland, sources close to the project said Monday.

In Indonesia, Liquidity Pinch Grips the Banks

JAKARTA — Banks in Indonesia that were caught in last month's hectic currency speculation face liquidity shortages with the short-term borrowing rates for rupiah soaring to around 35 percent on Monday, bank sources said.
The government raised interest rates and soaked up pension funds deposited with banks to contract the money supply.

London Docks Plan Thrown in Doubt

LONDON — Two backers have pulled out of a \$2 billion (£4.8 billion) project to build one of the world's largest office developments in London's dockland, sources close to the project said Monday.
The sources said Morgan Stanley International and Credit Suisse First Boston had withdrawn from the consortium planning to build the 12.4 million-square foot (1.2 million-square meter) development at Canary Wharf. The other major partner is Travelstead Corp.

London Docks Plan Thrown in Doubt

With the won gaining about 8 percent annually on the dollar, the repayment cost is cut to virtually nothing, he said.
Keith Cumming of Hongkong & Shanghai Banking Corp. in Seoul saw growing trade financing opportunities, citing the bank's Hong Kong base and the growing trade between South Korea and China.

London Docks Plan Thrown in Doubt

However, the banks said they need freer access to the domestic money market.
Bankers said they have started to sell dollars back to the central bank to buy rupiah, incurring losses.

Monday's OTC Prices
NASDAQ prices as of 4 P.M. New York time. Via The Associated Press

Large table of OTC stock prices with columns for stock name, price, and change. Includes various companies like ASK, ABB, and others.

Table of stock prices with columns for stock name, price, and change. Includes companies like KLA, KAM, and others.

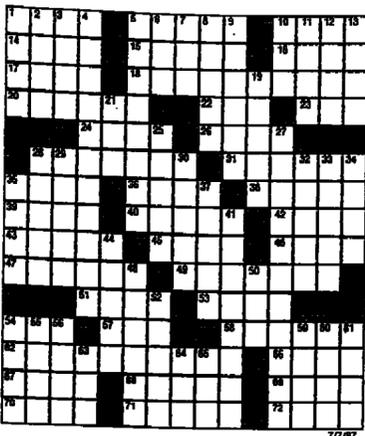
Table of stock prices with columns for stock name, price, and change. Includes companies like ACE, ACF, and others.

Table of stock prices with columns for stock name, price, and change. Includes companies like AIG, AII, and others.

Table of stock prices with columns for stock name, price, and change. Includes companies like AIA, AIB, and others.

Table of stock prices with columns for stock name, price, and change. Includes companies like AIC, AID, and others.

Small text at the bottom of the page providing additional information and disclaimers regarding the data presented.



ACROSS

1 "To — and a bone..."
 5 Meat jelly
 10 — mater
 14 Observe
 15 Kind of rubber
 16 Baltic and Adriatic
 17 Defense org.
 18 A diamond M.V.P.: 1958-59
 20 Noah's landing place
 22 Wind dir.
 23 End of a ring count
 24 Elated
 26 Mecca pilgrimage
 28 Supreme Being
 31 Start the bidding afresh
 35 Carp kin
 36 Chemical compound
 38 " — Go the R.L.S."
 39 Birthright possessor
 40 Kind of boom
 42 Ancient ointment
 43 Synthetic fiber
 45 Hindu hero

DOWN

1 Pavlova or Christie
 2 Niagara sound
 3 " — boy!"
 4 An M.V.P.: 1980
 5 T.X.P.'s
 6 Sun. discourse
 7 Criticize
 8 Dubliners
 9 Julius or Sid
 10 — rule (generally)
 11 Fasting period
 12 Manufacture

13 N.A.A.C.P., e.g.
 19 Moisture overnight
 21 Giver
 25 Louise or Turner
 27 An M.V.P.: 1970, 1972
 28 Quartz
 29 Wreck, in Madrid
 30 Taffie and Barrett
 32 Tranquillity
 33 Miscue
 34 Calmer and Korem
 35 Future Eng. king
 37 Walks lamely
 41 Pets
 44 Louis, in Pisa
 48 Expresses contempt
 50 Sculpture, e.g.
 52 Jordan's capital
 54 Absent
 55 Money in Milan
 56 Svelte
 59 Knowledge
 60 Incline
 61 Mendicant's request
 63 — Vegas
 64 Memorabilia
 65 Slangy agreement

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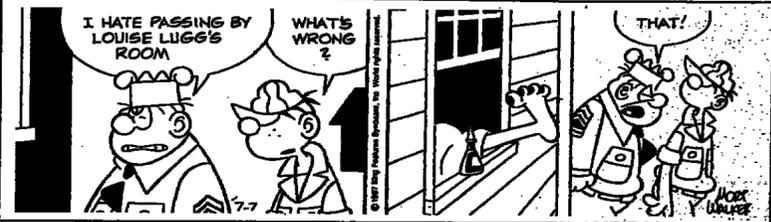
PEANUTS



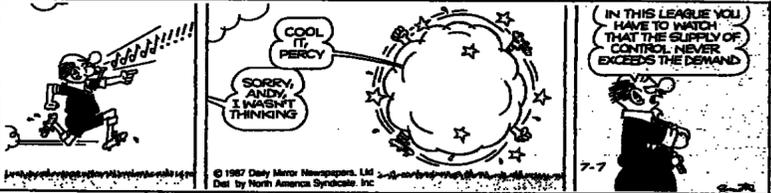
BLONDIE



BEEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



DENNIS THE MENACE



'AND THAT'S MR. WILSON'S FAVORITE PARKING PLACE.'

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

FRUOM
SOUHE
NIMPED
HELTIB

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Yesterday's Jumble: HABIT CABLE VELLUM ADDUCE
 Answer: What naughty pigs become after they de-DEVILED HAM

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	26	17	Beijing	28	22
Alexandria	26	19	Bombay	32	24
Amman	26	17	Calcutta	32	24
Barcelona	26	17	Chengde	28	22
Batavia	26	17	Hankow	28	22
Bombay	26	17	Harbin	28	22
Buenos Aires	26	17	Heilongjiang	28	22
Calcutta	26	17	Shanghai	28	22
Caracas	26	17	Tientsin	28	22
Cebu	26	17	Urumqi	28	22
Colon	26	17	Yokohama	28	22
Hankow	26	17			
Harbin	26	17			
Heilongjiang	26	17			
Shanghai	26	17			
Tientsin	26	17			
Urumqi	26	17			
Yokohama	26	17			

BOOKS

THE RAT
 By Günter Grass. Translated from the German by Ralph Manheim. 371 pages. \$17.95.
 Helen and Kurt Wolff/Harcourt Brace Jovanovich, 1250 Sixth Avenue, San Diego, Calif. 92101.

Reviewed by Christopher Lehmann-Haupt

"THE RAT" is Günter Grass's most substantial novel since "The Tin Drum" was published nearly a decade ago. In fact, the title character of that earlier book—who of course traces his lineage to the talking fish in the Grimm Brothers fairy tale "The Fisherman and His Wife"—shows up in "The Rat."

A large called "The New Itzball" (after the overambitious wife in the fairy tale) is chugging around the Baltic Sea "overmanned with five women" who knit and knit, "clicking needles against the flow of time." Their ostensible mission is to measure the density of the jelly-fish infesting the fishing grounds and beaches of the western Baltic. ("Of course it's known in advance that the findings will be catastrophic.") But their real purpose is to locate the submerged city of Vineta, "offshore from the mouth of the Vistula," once ruled by a gynecocracy. On the way, off the coast of Denmark, one of the women summons up the Flounder, who has repeated his male chauvinism and speaks only to women now. He tells her that "the end is near."

Mossesville, back in West Germany. Oskar Matzerath, the dwarf protagonist of Grass's great first novel, "The Tin Drum," is preparing a visit to his (and Grass's) birthplace, Danzig.

SOLUTION TO PREVIOUS PUZZLE



© New York Times, edited by Eugene Malachuk.

CHESS

By Robert Byrne

FORMERLY in the Soviet Union, ties for the national championship were mostly allowed to stand, but this year the co-champions, Aleksandr Belyavsky, a 33-year-old grandmaster from Lvov, and Valery Salov, a 23-year-old grandmaster from Leningrad, faced off in a four-game tie-break match in Vilnius, in the Soviet Lithuanian Republic.

Belyavsky broke the tie by winning, 3 to 1, and so will be listed as the 54th champion of the Soviet Union.

Belyavsky held a 2-to-1 lead into the fourth game and then decided the series by incisively putting down a desperate Dutch Defense by Salov.

The maneuver: 4... B-N5ch; 5 BQ2, B-K2 has been debated. The White QB is poorly posted at Q2, but it will not remain there long. So on, 8 Q-N3 pressed B-N4 to bring about the exchange of the best against the Black king with the awkward R-N3.

Salov could have brought about a solid Stonewall formation with 9... R-Q4, but he had to win this game at chess, the risky, untabley job to open the center with 10 P-Q3!

Salov's 13... N4-E5 did not have the desired effect of eliminating the tension in the center with 16... Q-K6ch; 17 QxQ, R-Q4. After 22 Nc1, it would have



White to move after 21... P-Q3

White to move after 21... P-Q3

White to move after 21... P-Q3

World Stock Markets

Via Agence France Presse Closing prices in local currencies, July 6.

Amsterdam	Brussels	Frankfurt	London	Madrid	Paris	Stockholm	Sydney	Zurich
ABN 48.20	Arbo 1730	AG 210.20	AA 23.20	BBVA 1186	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20
ACF 11.50	Beiersdorf 1200	AK 110.20	AB 22.20	BNP 1200	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20
AD 1.20	Carlsberg 1200	AL 1.20	AC 21.20	Commerzbank 1200	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20
AE 1.20	Carlsberg 1200	AM 1.20	AD 20.20	Commerzbank 1200	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20
AF 1.20	Carlsberg 1200	AN 1.20	AE 19.20	Commerzbank 1200	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20

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AD 1.20	Carlsberg 1200	AL 1.20	AC 21.20	Commerzbank 1200	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20
AE 1.20	Carlsberg 1200	AM 1.20	AD 20.20	Commerzbank 1200	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20
AF 1.20	Carlsberg 1200	AN 1.20	AE 19.20	Commerzbank 1200	Alcatel 49.20	ASA 291.20	ASX 430.20	ASL 1180.20

SPORTS

Cash: Ex-Bad Boy Is the Man of the Hour

By John Feinstein
Washington Post Service
WIMBLEDON, England — In the immediate aftermath of his victory over Ivan Lendl Sunday, Pat Cash said what all first-time Wimbledon champions say: "I don't think this has hit me yet."



Robert Dorr/The Associated Press
Second after beating Ivan Lendl in Sunday's final at Wimbledon, Pat Cash raced up into the stands to receive congratulations from friends and Ian Barclay, his coach (center).

Men's tennis needs a great rival. Becker-Lendl isn't likely to capture people's imaginations for the simple reason that Lendl doesn't inspire. Resolute and hard-working, yes, but he'll never have the flair or the magnetism that Becker and Cash can show.

New Arrival Mitchell Gives Giants Punch

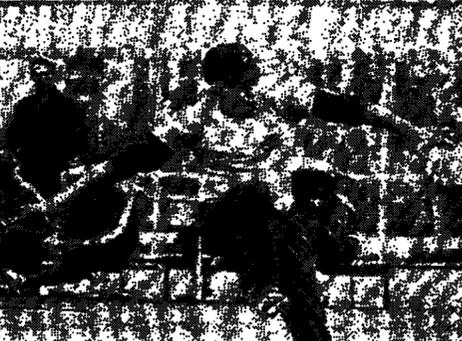
Compiled by Our Staff From Dispatches
CHICAGO — On second thought, Kevin Mitchell took the advice of some former colleagues. Acquired by San Francisco late Saturday night in a seven-player deal with the San Diego Padres, Mitchell hit two two-run home runs before the Giants rallied for three runs in the eighth inning to defeat the Chicago Cubs, 7-5, here Sunday.

BASEBALL ROUNDUP
just started hitting the ball good there, and two trades in a year was getting to my head. I was thinking of going home, but some of the [Padre] players and coaches told me to go over there and do the job."

judge a guy on one game. I know he's got a lot of talent. He kept us in the game."
With the Giants trailing by 5-4, Eddie Milner started the rally in the eighth with a single. Milner went to third on a single by Mark Wasinger and scored the tying run on a bunt single by Robby Thompson before pinch hitter Chris Speier doubled in two more runs off reliever Ed Lynch.

Soviets, in the Swing, Vow They'll Master Baseball

By Gary Lee
Washington Post Service
MOSCOW — By the time Moscow's first baseball tournament came to a bitty close on Sunday, nobody seemed to care much who won or lost.



Dimitrios Daskalakis/Reuters
A Moscow Aviation Institute batter, after being hit on the foot by a pitch in the finale with Tashkent.

Another trainer argued that baseball's roots are in early Russia, citing the game of lapta, an old-time Russian national sport also played with a ball and stick that died away after World War II. "We used to play it in the time of Alexander Nevsky," he said, referring to the 13th-century Russian hero.

Another trainer argued that baseball's roots are in early Russia, citing the game of lapta, an old-time Russian national sport also played with a ball and stick that died away after World War II. "We used to play it in the time of Alexander Nevsky," he said, referring to the 13th-century Russian hero.

Strange Wins Canadian Open By 3 Over Mudd, Price, Frost

The Associated Press
OAKVILLE, Ontario — Curtis Strange completed a careful, frustration-free 3-under-par 69 to score a three-shot victory Sunday in the Canadian Open golf tournament. Strange, who also won this national title in 1985, broke out of a three-way tie for the top on the first hole and led alone the rest of the way.

SCOREBOARD

Table with multiple columns: Baseball (Sunday's Major League Line Scores), Cycling (Tour de France), Football (CFL Standings), Golf (Major League Leaders), Soccer (Transition), and various sports news snippets.

INTERNATIONAL EMPLOYMENT and ESCORTS & GUIDES. Includes sections for AUTOS TAX FREE, EMPLOYMENT POSITIONS AVAILABLE, EXECUTIVES AVAILABLE, ESCORTS & GUIDES, and various international services.

ART BUCHWALD

A Cessna-Free Europe

WASHINGTON—You might not know it, but the United States and the Soviet Union are still deeply involved in arms negotiations...



Buchwald

"Gorbachev is demanding a Cessna-free Europe," he said. "That's unfair," I told him. "There is no way we can promise that. We can control missiles, but Cessnas fly anywhere they want to..."

World's Longest Safer

AGENCE FRANCE PRESSE OYONNAX, France — The world's longest saft was knitted in three days during the weekend by the women of Oyonnax, in eastern France...

A Socialite Finds a Home on the Range

By Robert Reinhold New York Times Service

DADUCAH, Texas — It is 25 hot, dusty miles from Paducah to the ranch. The road winds past brakes of cedar and clumps of lowing Brahman cows...



The twin met: Eugenie and Jerry Bob Daniel.

Yet the ebullient 33-year-old woman in a plain gray housedress who opens the creaky front door of the ranch house was once known as Eugenie von Gontard...

Eight years ago she came to West Texas to sample ranch life and ended by marrying the cowboy next door, Jerry Bob Daniel...

Had things been otherwise, Eugenie Daniel might be living the life of a New York socialite: yacht clubs, charity balls, flashy parties, mannie...

Both sides of Mrs. Daniel's family have their roots in St. Louis. Her father's father worked with August Busch Sr. in the family beer-brewing business...

Her romance with Jerry Bob Daniel, whom she met at a community dance, came at first as an unpleasant surprise to both sets of parents...

"I don't blame her folks one bit," Daniel said in his pleasant Texas lilt. At 28, he is a shy but intense man, with blue eyes framed

by sharp, handsome features. "I'm just a country boy. I'd never been out of the state before. To accept me, whoa, just like that, was a pretty hard thing to do..."

"Just like that," he said, "I was just a country boy. I'd never been out of the state before. To accept me, whoa, just like that, was a pretty hard thing to do..."

"I couldn't even imagine what it was like in Oyonnax," he said. "I'd never even been on a big airplane. He was intimidated by the party the von Gontards gave at their manicured Greenwich estate...

"My future son-in-law has a few words to say. I don't even remember what I said. From that moment it was an uphill climb. I don't know when downhill started..."

Does she miss anything from her former life? Swimming, she said, and fox hunting. Her mother and sister send her castoff clothes. "Whatever's two years old is the hottest fashion out here," she said.

Daniel has gone into partnership with his father and two brothers, Duane and Michael. Together they graze 3,000 to 4,000 head of cattle on 90,000 wooded acres...

"My grandparents built a brewery and a ranch," Mrs. Daniel said. "None of the other generations have done anything on their own, to say, I really did this. Look at this land. Back East, riding was always for pleasure. Here, my husband uses his horses for work as a tool. It's very real."

It is this quality that most impresses her husband, whose family understood that hard work was necessary for survival. "Inheritance is wonderful, but I don't believe you should live off your grandfather's roots," he said. "That is the binding part of the marriage..."

PEOPLE

De Niro Heads the Jury At Moscow Film Festival

Robert De Niro heads the jury for the 15th Moscow international film festival this week, and a majority of the judges are from countries outside the Soviet bloc...

Gina Lollobrigida has celebrated her 60th birthday, comparing herself to "a good wine that improves with age." Born on July 4, 1927, in the countryside south of Rome, the actress says she hardly takes notice of her birthdays and is not ready for any sort of retirement...

The American jazz saxophonist Dexter Gordon was held by French police for five hours on his arrival in Paris because of an old drunken driving charge dating to 1967, he told journalists. The musician, 64, star of the movie "Round Midnight," said he was detained at Charles de Gaulle Airport Thursday, then released but given only a nine-day visa, while his French tour — which began Sunday — is scheduled to last three weeks...

Paul C. Lasterberg, a U.S. medical physicist, has received the first Pingi international award of 500 million lire (\$376,000) in a ceremony attended by President Francesco Cossiga. Lasterberg, a professor at the University of Illinois at Urbana, was cited for research in magnetic resonance used in the diagnosis of various diseases. The award was presented by Foreign Minister Giulio Andreotti...

Randolph A. Hearst, president of the San Francisco Examiner and chairman of the board of Hearst Corp., was married to Veronica de Urbe in an outdoor ceremony at a family retreat in Dunsmuir, California. It was the third marriage for Hearst, 71. His third, a widowed mother of two, is 39...

Francis Zeffirelli, saying he was bewitched by her "unique glance" when they first met, announced Monday that Elizabeth Taylor will star in his new movie about the life of the conductor Arturo Toscanini. Taylor will play the role of a Soviet-born soprano, Natalia Bullova, while Thomas Howell will portray Toscanini...

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REAL ESTATE TO RENT/SHARE, PARIS AREA FURNISHED, NEAR PICASSO MUSEUM, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE

REAL ESTATE TO RENT/SHARE, PARIS AREA UNFURNISHED, ST GERMAIN EN LAYE, NEUILLY ON BORD, 16TH PLACE DE L'ETOILE, SWITZERLAND, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE, NEAR MONTAIGNE

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